

# **CITY OF AMES, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For Year Ending June 30, 2009**



**A YEAR OF PROGRESS!**



## **Mission Statement**

**We are caring people, providing quality programs  
with exceptional service to a  
community of progress.**

### **We Value...**

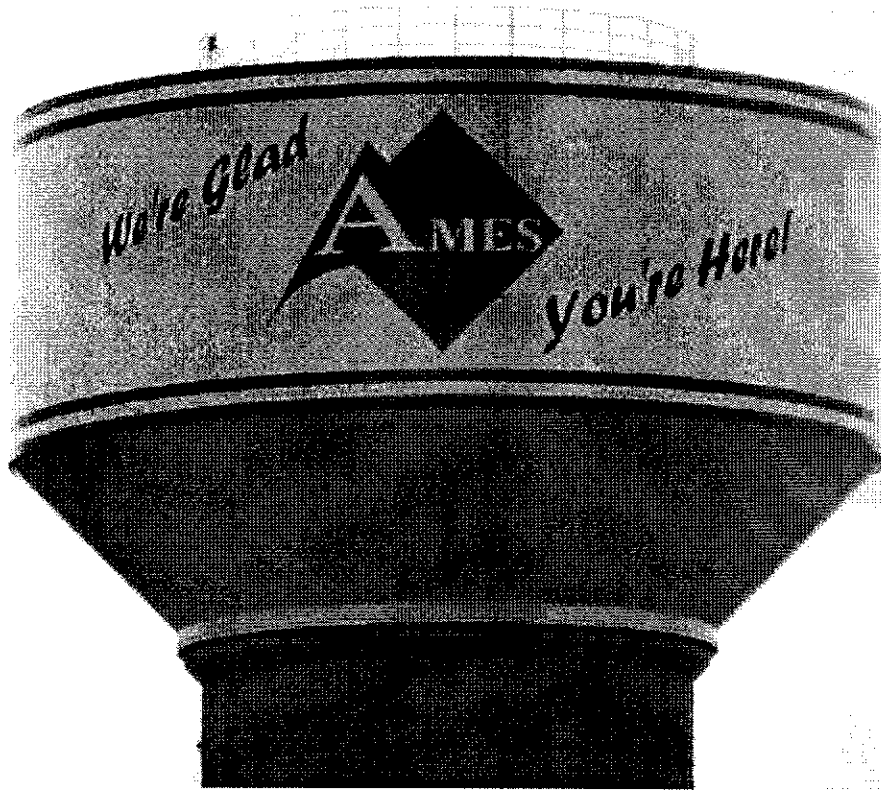
- Continuous improvement in our organization and our services.
- Innovation in problem solving.
- Employee participation in decision making.
- Personal and professional development.
- Each other as we work together to serve the community.

### **We Are...**

- Proud to provide superior services to our community.
- Professional and objective as we address public concerns and needs.
- Fair, flexible, and helpful in our actions.
- Efficient and fiscally responsible.
- Proactive in reviewing and evaluating the type and focus of our services.

**Caring People, Quality Programs, Exceptional Service**

## WATER TOWER



In June 2009, the Water and Pollution Control Department celebrated the successful completion of a new elevated water tank on State Avenue and Mortensen Road. The tank, dubbed SAM (due to the location at State and Mortensen), holds one million gallons of water and cost \$1.7 million. The new elevated tank was the last major item necessary to complete the development of a new pressure zone in the Ames water distribution system. This new zone has expanded the water system's ability to provide service in the south and southwest portions of Ames, an area where the City's growth plan encourages future development.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF AMES, IOWA**

**Year Ended June 30, 2009**

**Prepared by the Accounting and Auditing  
Division of the Department of Finance**

**CITY OF AMES, IOWA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2009**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	3
City Organization Chart	7
List of Principal Officials	8
GFOA Certificate of Achievement	10
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	15
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	32
Statement of Activities	34
Fund Financial Statements	
Balance Sheet - Governmental Funds	36
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	37
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	40
Statement of Net Assets - Proprietary Funds	42
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	46
Statement of Cash Flows - Proprietary Funds	48
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds	52
Notes to the Financial Statements	53
Required Supplementary Information	
Other Post Employment Benefit Plan Schedule of Funding Progress	85
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances	86
Budget to GAAP Reconciliation	87
Notes to the Required Supplementary Information	88
Supplementary Information	
Nonmajor Governmental Funds	91
Combining Balance Sheet - Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	93
Combining Balance Sheet - Nonmajor Special Revenue Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	98

	<b>Page</b>
Nonmajor Enterprise Funds	103
Combining Statement of Net Assets - Nonmajor Enterprise Funds	105
Combining Statement of Revenues, Expenses, and Changes In Fund Net Assets - Nonmajor Enterprise Funds	108
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	110
Internal Service Funds	114
Combining Statement of Net Assets - Internal Service Funds	115
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds	116
Combining Statement of Cash Flows - Internal Service Funds	117
Agency Funds	119
Combining Statement of Assets and Liabilities - Agency Funds	120
Combining Statement of Changes in Assets and Liabilities - Agency Funds	121
<b>STATISTICAL SECTION</b>	
Net Assets by Component	125
Changes in Net Assets	126
Fund Balances, Governmental Funds	128
Changes in Fund Balances, Governmental Funds	129
Assessed and Estimated Actual Value of Taxable Property	131
Direct and Overlapping Property Tax Rates	132
Principal Property Tax Payers by Parcel	133
Property Tax Levies and Collections	134
Ratios of Outstanding Debt by Type	135
Ratios of Net General Bonded Debt by Type	136
Direct and Overlapping Governmental Activities Debt	137
Legal Debt Margin Information	138
Pledged-Revenue Coverage	139
Demographic and Economic Statistics	140
Principal Employers	141
Authorized Full-time Equivalent City Government Employees by Function	142
Operating Indicators by Function	143
Capital Asset Statistics by Function	144

**INFORMATION PROVIDED TO COMPLY WITH OMB CIRCULAR A-133  
AND GOVERNMENT AUDITING STANDARDS**

	<b>Page</b>
Schedule of Expenditures of Federal Awards	147
Notes to Schedule of Expenditures of Federal Awards	149
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based Upon the Audit Performed in Accordance with Government Auditing Standards	151
Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Award Program	153
Schedule of Findings and Questioned Costs	155

**INTRODUCTORY  
SECTION**





November 24, 2009

The Honorable Mayor, City Council Members,  
And Citizens of the City of Ames, Iowa

The City of Ames is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City of Ames, Iowa (City) for the fiscal year ended June 30, 2009 is hereby submitted.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The independent auditor has issued an unqualified (clean) opinion on the City's financial statements for the fiscal year ended June 30, 2009. The independent auditors' report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A should be read in conjunction with this letter of transmittal.

## **PROFILE OF THE CITY OF AMES**

The City was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is located in central Iowa, 30 miles north of Des Moines. Ames is the 9<sup>th</sup> largest city in Iowa with a population of 50,731 per the 2000 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a council-manager form of government. Policy making and legislative authority are vested in the governing council consisting of the mayor and six other council

members. The council members serve four-year staggered terms with three council members elected every two years. The mayor serves a four-year term and is elected with one of the groups of three council members. Four of the council members are elected by district. The mayor and the two remaining council members are elected at-large.

The City provides the following services as authorized by its charter: public safety, public works, culture, recreation, and community development. The City also provides additional services including municipal electric, water, and sewer utility systems; parking lot facilities; a municipal resource recovery facility; a municipal airport; a recreational ice facility; a municipal golf course; a community center; a transit system; and a municipal hospital. The City of Ames is also financially accountable for a legally separate hospital foundation reported separately within the City of Ames financial statements. Additional information on the hospital foundation can be found in the notes to the financial statements (See Note 1.A).

The annual budget serves as the foundation for the City's financial planning and control. The City Manager is responsible for developing a budget proposal to the City Council. The proposed budget is presented to the Council in January and February of each year. The Council is required to hold public hearings on the proposed budget and to adopt the final budget by no later than March 15 for the fiscal year beginning the following July first. The appropriated budget is prepared by function.

## **LOCAL ECONOMY**

The City is supported by a diverse economy, which relies on both the private and public sectors. The City is home to several large governmental agencies including Iowa State University, the Iowa Department of Transportation, the USDA National Animal Disease Center and National Veterinary Services Laboratories, and a U.S. Department of Energy research lab. The University and other government employers add significant local economic stability that has resulted in an unemployment rate that has been below the national and state averages for the past thirty years. The U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area MSA ranked as the seventh lowest unemployment rate in the nation in July 2009.

Though the pace of new construction of residential property has slowed, median and average prices of homes sold in the Ames market both increased in the first half of 2009; additionally, the number of active listings and average days on the market have both fallen. The strength in the housing market is counter to broad national trends and was likely due to a combination of avoiding large price increases in previous years, sound local lending practices, and a stable employment base.

The City's economic development efforts have been targeted towards companies that blend with community resources and take advantage of a highly educated workforce in areas such as veterinary medicine, technology, and agricultural research. *AARP Magazine*, recently named Ames as the 5th "best place to live the simple life."

Ames continues to see expansion of animal science and bio-energy in the local economy. Florida based NextEra Energy began construction on a 90,000 square-foot wind generator repair facility just north of Ames and will provide service for the growing wind energy industry throughout Iowa. The Iowa State University Veterinary School received funding to continue a

120,000 square-foot diagnostic laboratory and large animal teaching hospital. Iowa State is also nearing completion of a 135,000 square-foot Chemistry Building to house state-of-the-art classrooms, labs, and equipment to support research and teaching in the Department of Chemistry.

The retail and service sectors have also seen growth as a Fareway supermarket opened in a new mixed-use retail area serving north Ames. Ground was also broken for a new medical clinic in the same development. A new 14,000 square foot Walgreens store, Perfect Games family entertainment center, and a 36,000 square foot Iowa State University basketball practice facility were all opened during the year.

## **LONG-TERM FINANCIAL PLANNING**

The City Council has adopted a comprehensive set of budget and fiscal policies including general revenue management, user fee cost recovery goals, enterprise fund fees and rates, grant funding, investments, capital improvement management, and fund balance designations and reserves. The ending fund balance level established for the general fund is 20% of operating expenditures. The City of Ames met the minimum fund balance requirement for the general fund and all other financial policies established by the City Council.

## **MAJOR INITIATIVES**

Construction is nearly completed on the Donald and Ruth Furman Outdoor Aquatic Center. The 25,000 square foot facility will be the top aquatic center in Central Iowa and will be open in the summer of 2010. The Parks and Recreation Department also opened the Ames Dog Park, a newly renovated Campustown Court Park, the Brookside Park pedestrian bridge, and newly developed Calhoun Park.

The Dayton Avenue realignment project was completed, greatly improving access to Highway 30 for Westside commercial, industrial, and retail centers. Also in the area, the City established the South Bell Tax Increment Financing District and began installation of public infrastructure to accommodate additional commercial and industrial development.

The Water and Electric utilities both began projects to review replacement and future expansion of production facilities. As an integral part of this project, both utilities initiated programs and rate structures intended to reduce peak demand and the associated capital costs. The Water and Electric Departments also improved system reliability with major distribution projects, including the raw water well loop line and the in-town 161 kV electric distribution line.

As part of the City's "Green Initiatives", the Electric utility entered into a contract to purchase 30 megawatts of capacity from a wind energy farm located north of Ames. The Resource Recovery Plant, which converts trash to fuel for electric generation, installed a non-ferrous metal recovery system to capture additional recyclable items from the waste stream.

As part of the Council goal to "Connect the Community", the City held a "wire-cutting" as free, public WiFi hotspots were implemented in several outdoor locations and work was begun on indoor locations.

## AWARDS AND ACKNOWLEDGEMENTS

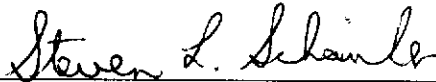
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ames, Iowa, for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 29th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada presented an award of Distinguished Budget Presentation to the City for its annual budget for the fiscal year beginning July 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The City has received this award every year since 1986/1987. The award is valid for a period of one year only.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the Finance Department. We wish to thank the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



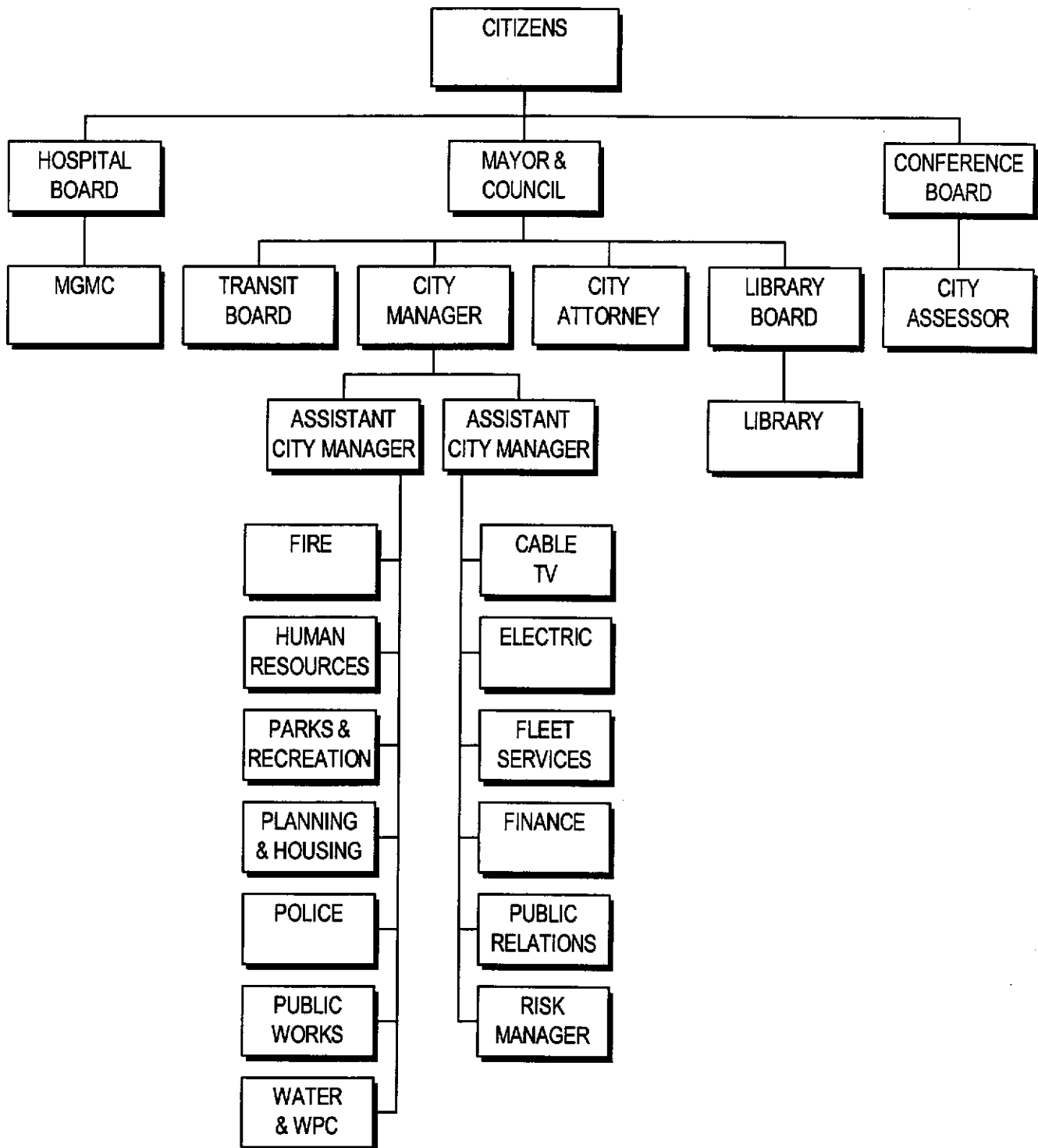
Steven L. Schainker  
City Manager



Duane R. Pitcher, CPA, CPFO  
Director of Finance

# CITY OF AMES, IOWA

## ORGANIZATIONAL CHART



## **CITY OF AMES, IOWA**

### **PRINCIPAL OFFICIALS**

#### **Elected Officials**

Ann Campbell  
Matthew Goodman  
Jim Popken  
Dan Rice  
Jami Larson  
Ryan Doll  
Riad Mahayni

Mayor  
Council Member – At Large  
Council Member – At Large  
Council Member – First Ward  
Council Member – Second Ward  
Council Member – Third Ward  
Council Member – Fourth Ward

#### **Council-Appointed Officials**

Steven Schainker  
Doug Marek

City Manager  
City Attorney

#### **Manager-Appointed Officials**

Bob Kindred  
Sheila Lundt  
Don Kom  
John Joiner  
Duane Pitcher  
Sheri Kyras  
Clint Petersen  
Chuck Cychosz  
Julie Huisman  
Steve Osguthorpe  
Nancy Carroll  
John Dunn  
Paul Hinderaker  
Art Weeks  
Roger Wisecup II

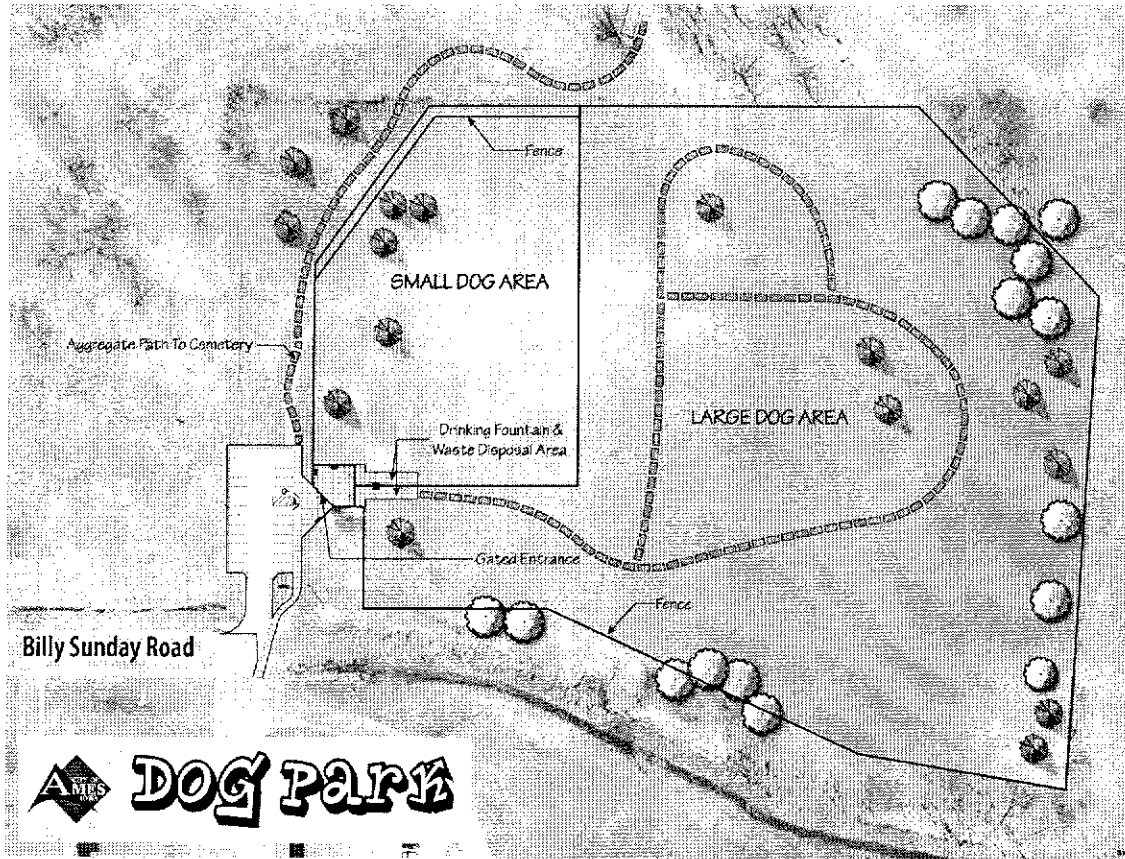
Assistant City Manager  
Assistant City Manager  
Director of Electric Utility  
Director of Public Works  
Director of Finance  
Director of Transportation  
Fire Chief  
Police Chief  
Director of Human Resources  
Director of Planning & Housing  
Director of Parks & Recreation  
Director of Water and Pollution Control  
Director of Fleet Services  
Library Director  
City Treasurer

#### **Hospital Administration**

Brian Dieter  
Michael J. Tretina

President/Chief Executive Officer  
Vice President/Chief Financial Officer

## DOG PARK



In June 2009, the City opened the Ames Dog Park, located directly east of the Ames Animal Shelter on Billy Sunday Road.

The Dog Park features ten acres of fenced-in freedom for dogs. The facility is divided into two sections: a two-acre area for dogs weighing less than 25 pounds, and an eight-acre area for larger dogs.

To use the Dog Park, owners must purchase a facility-use permit tag. Current rabies vaccination certification must be provided at the time of permit purchase.

The park is open daily from 6 a.m. to sunset.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ames  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Ames, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Ames, Iowa has received a Certificate of Achievement for the last 30 consecutive years (fiscal years ended 1979-2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

**FINANCIAL**  
**SECTION**



CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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To the Honorable Mayor and  
Members of the City Council  
City of Ames, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Ames, Iowa. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund), which is both a major fund and 49 percent, 45 percent, and 65 percent, respectively, of the assets, net assets, and revenues of the business type activities. We did not audit the financial statements of the Mary Greeley Medical Center Foundation (the discretely presented component unit), which represents 100 percent of the assets, net assets, and revenues of Mary Greeley Medical Center Foundation. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the Mary Greeley Medical Center Foundation, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mary Greeley Medical Center Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Ames, Iowa. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Ames, Iowa. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
November 24, 2009

## **CITY OF AMES, IOWA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009**

This section of the City of Ames (City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Ames exceeded its liabilities at the close of the fiscal year by \$510,892,921 (net assets). This was an increase of \$8,060,723 over net assets at June 30, 2008. Unrestricted net assets at June 30, 2009 in the amount of \$164,224,628 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by \$407,358.
- The ending general fund balance of \$7,123,991 exceeded the City target minimum fund balance of twenty percent of general fund budgeted expenses.
- Within the City's business-type activities, revenues exceeded expenses by \$3,074,848. The City policy is to set rates that fund operational expenses of business-type activities and fund most capital improvements. The increase in net assets represents funds accumulated for planned future capital expenses.
- For the year, the expenses of the City's governmental funds exceeded revenues by \$4,425,676 compared to revenues exceeding expenses by \$5,411,800 in 2008.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This discussion and analysis are intended to serve as an introduction to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

##### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The paragraphs below provide a brief description of the government-wide financial statements.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The government-wide financial statements are divided into two categories:

***Governmental activities.*** This category consists of services provided by the City that are principally supported by taxes and intergovernmental revenues. Basic City services such as police, fire, public works, planning, parks, the library, and general administration are governmental activities.

***Business-type activities.*** These activities are supported primarily by user fees. The services provided by the City in this category include water, sewer, and electrical utilities, the resource recovery center, municipal golf course, and a municipal hospital.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, special revenue, and enterprise funds according to State of Iowa code. A budgetary comparison schedule has been provided as required supplementary information to demonstrate compliance with this budget.

***Proprietary funds.*** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, sewer, water, and storm water drainage utilities. Enterprise funds are also used for the municipal hospital, resource recovery center, transit, parking, and recreational facility operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet services, information technology, risk management, and health insurance. The City's internal services benefit both the governmental activities and business-type activities and have been apportioned accordingly in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Mary Greeley Medical Center, electric utility, sewer, and water utility; all of which are considered to be major funds of the City. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Other information.*** The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net assets.** As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by \$510,892,921 at the close of the most recent fiscal year.

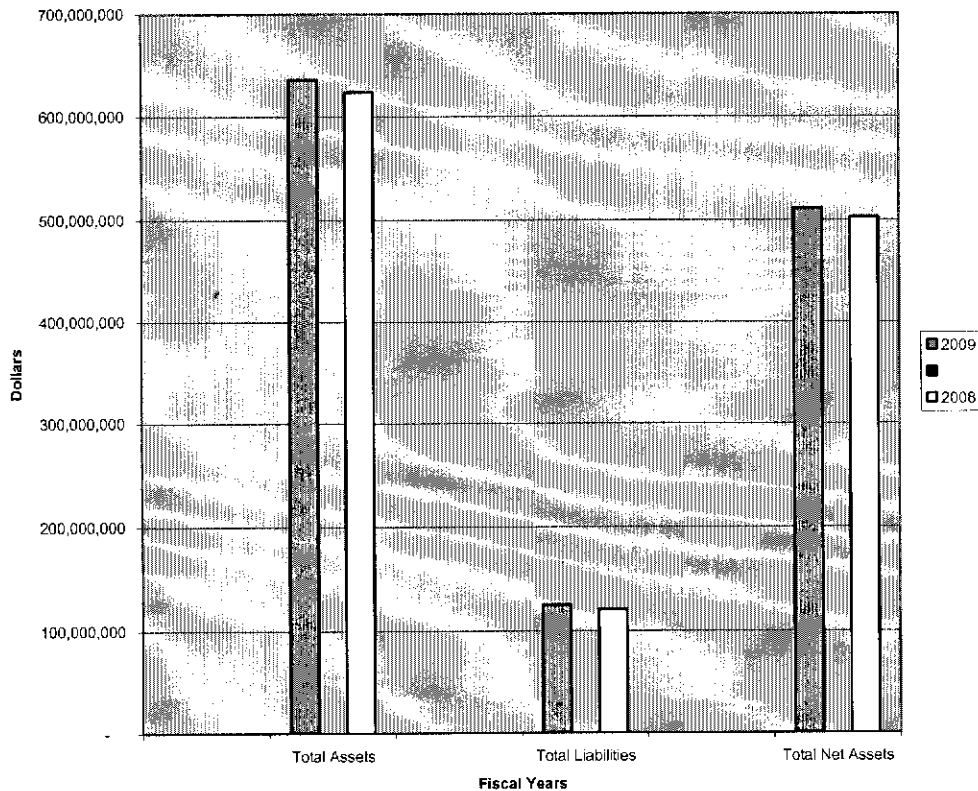
The most significant portion of the City's net assets (65.7%) are reflected in investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

### City of Ames Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 62,748,307	\$ 64,850,917	\$ 173,701,284	\$ 178,963,299	\$ 236,449,591	\$ 243,814,216
Capital assets, net of depreciation	137,961,837	129,440,741	261,497,860	250,360,699	399,459,697	379,801,440
<b>Total assets</b>	<b>200,710,144</b>	<b>194,291,658</b>	<b>435,199,144</b>	<b>429,323,998</b>	<b>635,909,288</b>	<b>623,615,656</b>
Long-term debt outstanding	33,430,732	34,004,128	23,044,268	22,365,872	56,475,000	56,370,000
Other liabilities	34,804,608	32,688,362	33,736,759	31,725,096	68,541,367	64,413,458
<b>Total liabilities</b>	<b>68,235,340</b>	<b>66,692,490</b>	<b>56,781,027</b>	<b>54,090,968</b>	<b>125,016,367</b>	<b>120,783,458</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	101,940,741	95,550,370	233,486,481	226,464,780	335,427,222	322,015,150
Restricted	9,681,837	12,523,636	1,559,234	1,582,837	11,241,071	14,106,473
Unrestricted	20,852,226	19,525,162	143,372,402	147,185,413	164,224,628	166,710,575
<b>Total net assets</b>	<b>\$ 132,474,804</b>	<b>\$ 127,599,168</b>	<b>\$ 378,418,117</b>	<b>\$ 375,233,030</b>	<b>\$ 510,892,921</b>	<b>\$ 502,832,198</b>



### Net Assets



A portion of the City's net assets (2.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$164,224,628 (32.1%), may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2009 and 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased the net assets of the City by \$4,875,636 or 60.5% of the total increase in net assets in 2009 and \$8,523,620 or 40.5% of the increase in 2008. Taxes are the largest source of governmental revenues with property taxes of \$21,436,807 in 2009 and other taxes (sales taxes and road use tax) of \$12,273,428. Capital grants and contributions for 2009 totaled \$2,901,619, a decrease of \$3,217,742. The city received one-time contributions of \$2,000,000 in 2008. The \$1,289,152 increase in property tax collections in 2009 over 2008 was due to slightly increased valuations and a \$.63 increase in the overall tax rate. The increase in other taxes was due to increased local option tax and hotel/motel tax collections. Declining interest rates are reflected in the \$549,676 decrease in investment revenue.

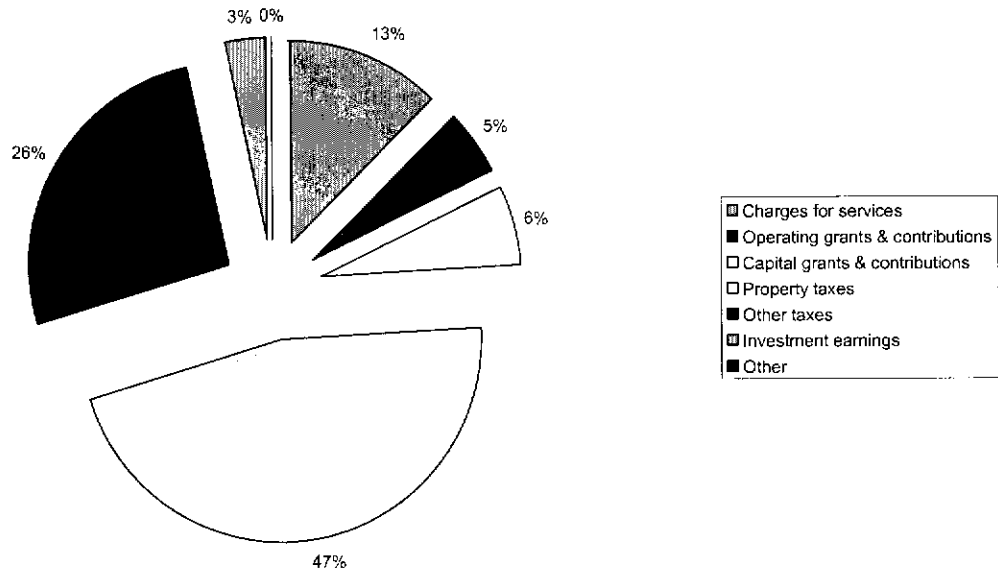
Governmental expenses during 2009 increased \$2,291,920 over 2008 expenses or 5.8%. Public works expenses were up approximately \$1,415,000.

**City of Ames Changes in Net Assets**

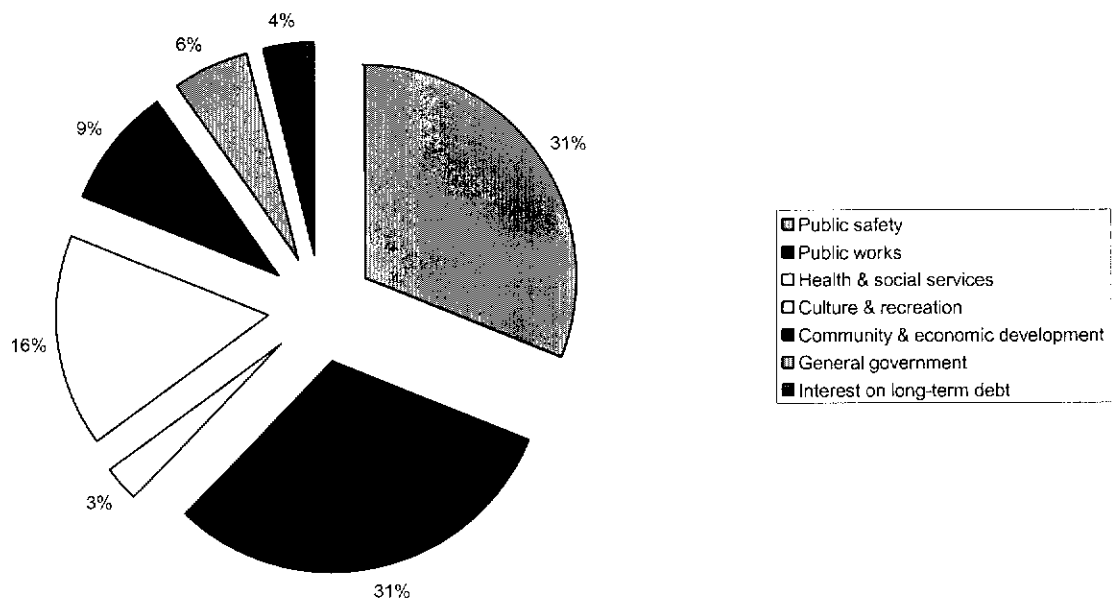
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,864,484	\$ 4,574,140	\$ 228,698,896	\$ 222,158,138	\$ 234,563,380	\$ 226,732,278
Operating grants & contributions	2,437,772	3,545,354	2,681,074	2,721,873	5,118,846	6,267,227
Capital grants & contributions	2,901,619	6,119,361	1,345,340	3,290,701	4,246,959	9,410,062
General revenues						
Property taxes	21,436,807	20,147,655			21,436,807	20,147,655
Other taxes	12,273,428	11,344,038			12,273,428	11,344,038
Unrestricted grants & contributions	15,842	20,676			15,842	20,676
Investment earnings	1,508,776	2,058,452	(8,598,734)	(750,318)	(7,089,958)	1,308,134
Other			1,311	2,814	1,311	2,814
<b>Total revenues</b>	<b>46,438,728</b>	<b>47,809,676</b>	<b>224,127,887</b>	<b>227,423,208</b>	<b>270,566,615</b>	<b>275,232,884</b>
<b>Expenses</b>						
Public safety	13,011,464	13,102,633			13,011,464	13,102,633
Public works	13,090,595	11,675,389			13,090,595	11,675,389
Health & social services	1,159,050	1,034,327			1,159,050	1,034,327
Culture & recreation	6,668,942	6,591,544			6,668,942	6,591,544
Community & economic development	3,850,712	3,219,621			3,850,712	3,219,621
General government	2,518,339	2,417,083			2,518,339	2,417,083
Interest on long-term debt	1,571,257	1,537,842			1,571,257	1,537,842
Mary Greeley Medical Center			153,741,531	145,581,895	153,741,531	145,581,895
Electric Utility			39,716,298	43,727,636	39,716,298	43,727,636
Sewer Utility			6,485,535	5,979,526	6,485,535	5,979,526
Water Utility			6,514,499	6,054,928	6,514,499	6,054,928
Storm Sewer Utility			1,080,705	458,119	1,080,705	458,119
Parking Lot			766,381	856,518	766,381	856,518
Resource Recovery			3,914,713	3,636,402	3,914,713	3,636,402
Transit			7,685,829	7,597,860	7,685,829	7,597,860
Ames/ISU Ice Arena			511,334	480,418	511,334	480,418
Homewood Golf Course			218,708	217,964	218,708	217,964
<b>Total expenses</b>	<b>41,870,359</b>	<b>39,578,439</b>	<b>220,635,533</b>	<b>214,591,266</b>	<b>262,505,892</b>	<b>254,169,705</b>
Excess before transfers	4,568,369	8,231,237	3,492,354	12,831,942	8,060,723	21,063,179
Transfers	307,267	292,383	(307,267)	(292,383)		
<b>Increase in net assets</b>	<b>\$ 4,875,636</b>	<b>\$ 8,523,620</b>	<b>\$ 3,185,087</b>	<b>\$ 12,539,559</b>	<b>\$ 8,060,723</b>	<b>\$ 21,063,179</b>

On the following page are specific graphs which provide comparisons of the governmental activities revenues and functional expenses.

### Governmental Activities Revenues 2009



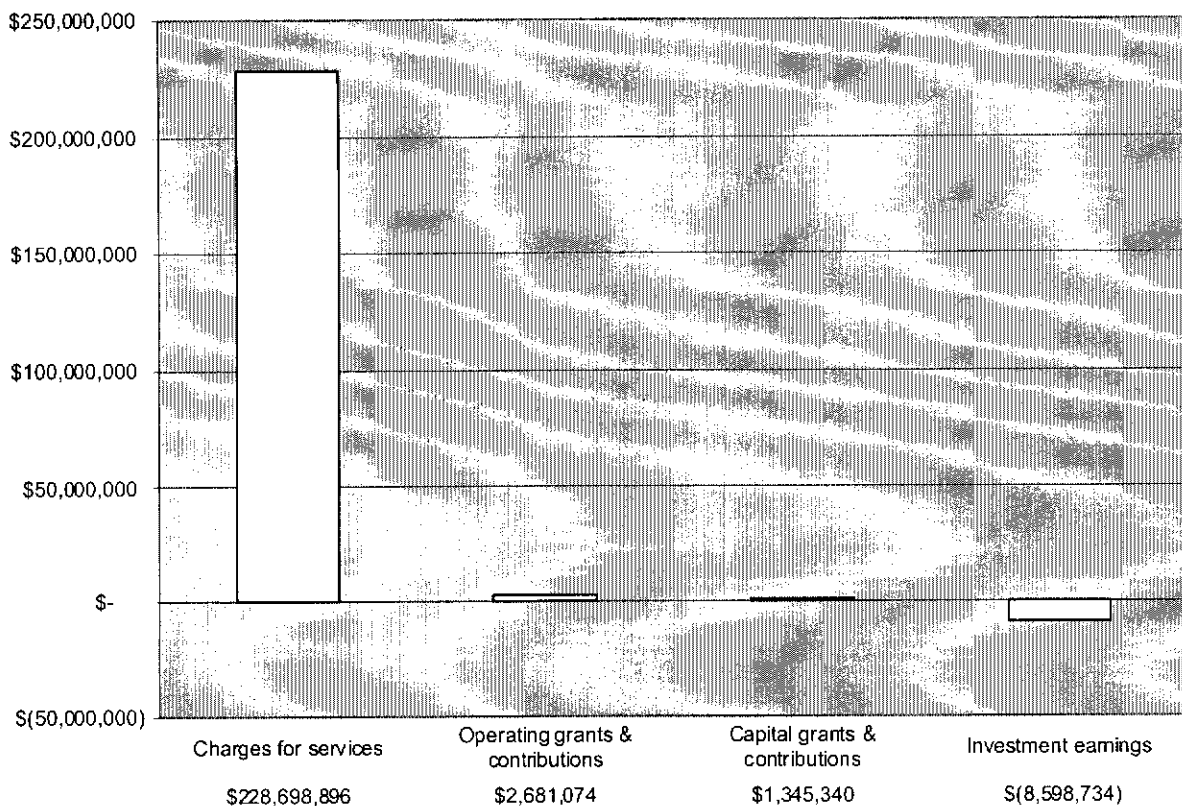
### Governmental Activities Expenses 2009



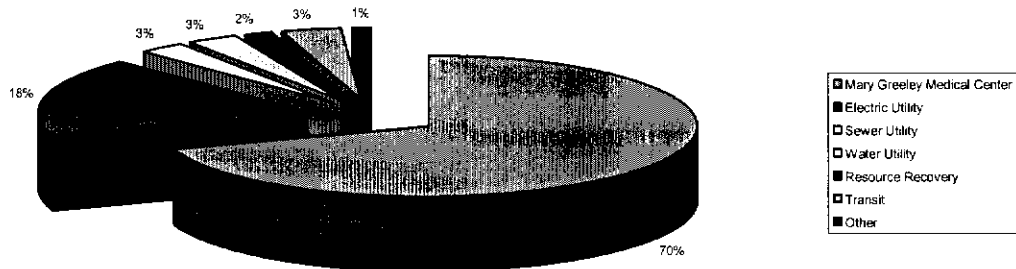
**Business-type activities.** Business-type activities increased net assets by \$3,185,087 accounting for 39.5% of the City of Ames growth in net assets at June 30, 2009. This was \$9,354,472 less than the 2008 increase in net assets of \$12,539,559. Investment earnings decreased \$7,848,416 during 2009. A continuing decline in stock market performance resulted in a \$9.9 million loss from investments of Mary Greeley Medical Center compared to a \$2.5 million loss in 2008. Business-type charges for services increased \$6,540,758 during 2009 or 2.9% over 2008 totals. Operating and capital grants and contributions decreased \$1,986,160 over 2008 totals, partially due to a decrease in transit grant revenues because of the completed administrative building addition in 2008.

The expenses of the business-type activities increased \$6,044,267 or 2.8% over 2008 expenses. Expenses for Mary Greeley Medical Center increased \$8,159,636 due mainly to increases in salaries and wages, employee benefits, and software and maintenance contracts. Following are graphs showing the business-type activities revenue and expense comparisons.

**Business-type Activities Revenues 2009**



### Business-type Activities Expenses 2009



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of \$29,130,394 at June 30, 2009. This was a decrease of \$4,425,676 over the prior year. Approximately fifty-five percent (\$15,909,577) constitutes unreserved fund balance, a decrease of \$291,745 over the 2008 unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for encumbrances and endowments, inventories and prepaid items, debt service, long-term receivables, and state and grant restricted purposes.

The general fund's fund balance increased by \$470,358 or 7.1% leaving a fund balance in excess of 30.9% of current annual expenditures and exceeding the City's goal of 20% of expenditures.

The debt service fund increased its fund balance \$567,344 during 2009. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of \$1,990,000.

The fund balance of the capital projects fund decreased by \$3,116,010 to \$3,564,004 at June 30, 2009. Expenditures were \$10,889,505 or \$1,490,262 more than 2008 expenditures. Approximately one half of the decrease was spent on catching up on public works projects. Bonds issued for capital projects in 2009 included \$5,340,000 for the Furman Aquatic Center.

The fund balance of other governmental funds decreased by \$2,347,368 to \$16,451,645. The road use tax fund balance dropped by an intended \$1,200,000 to complete projects. Also the Furman Aquatic Center spent \$800,000 of special revenue fund balance.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The combined net assets of the enterprise funds at June 30, 2009 totaled \$373,018,035 of which 37.0% (\$137,972,320) is unrestricted. This is a \$3,074,848 or 0.8% increase over the 2008 net assets of \$369,943,187. The net assets of the internal service funds are \$16,633,074, a \$688,667 increase over the 2008 total net assets. The unrestricted net assets of the internal service funds are \$11,969,502 (72.0%).

The net assets of Mary Greeley Medical Center decreased \$7,441,190 to \$168,652,888 or 4.2% less than the 2008 net assets of \$176,094,078. The change in net assets includes a loss of \$9,869,132 in investment earnings due to poor investment performance. Cost of goods and services increased \$3,999,479. A 4% increase in Medical Center salaries along with an additional 32 employees, increases in employee benefits, including an additional \$1,400,000 in health care claims, and increases in maintenance and software contracts contributed to the reduced earnings. Charges for services increased \$3,411,207. Rates increased 6% for outpatient services.

The Electric Utility had a \$9,696,310 increase in net assets which is \$5,857,541 more than the 2008 increase in net assets of \$3,838,769. Costs of goods and services decreased in 2009 by \$3,835,377. Purchased power decreased by approximately \$4,150,000. Charges for services increased \$2,459,204. Rates were increased approximately 8% for the year. Investment earnings decreased \$288,747 due to lower interest rates.

The Sewer Utility's decrease in net assets of \$980,422 was \$644,511 more than the 2008 decrease. There was a decrease in capital contributions from developers of \$355,144 during 2009. Charges for services increased \$315,350. Rates were increased approximately 8% for the year

## **BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2008-2009 budget. The first amendment was passed in March 2009 to reflect carryovers of capital project expenditures and amended in May to reflect year-end expenditures and revenues more closely.

**General Fund.** The budget amendments increased the general fund's budgeted expenditures \$707,361. Actual general fund expenses were \$567,183 (2.11%) less than the final budgeted amount of \$26,837,995.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$399,459,697 (net of accumulated depreciation), an increase of \$19,658,257 or 5.2% above the 2008 investment of \$379,801,440. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. Additional information on the City's capital assets can be found in the notes to the financial statements in this report on pages 65 and 66.

Major capital asset events during the fiscal year illustrating the diversity of City projects included the following current year amounts rounded to the nearest \$100:

Grand Avenue extension \$1,299,200.  
 CyRide 40 foot buses \$1,255,100.  
 Dog Park development \$196,200.  
 Campustown Court development \$57,900.  
 Fleet equipment \$701,600.  
 Resource Recovery metals recovery system \$957,900.  
 Raw well water loop line \$2,784,400.  
 Brookside Park pedestrian bridge \$219,400.  
 Power plant coal yard sprinkler system \$613,400.  
 Don and Ruth Furman Aquatic Center (ongoing) \$6,974,100.

### Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 10,988,443	\$ 10,983,578	\$ 10,546,982	\$ 10,273,185	\$ 21,535,425	\$ 21,256,763
Other nondepreciable assets	4,324,032	4,298,677			4,324,032	4,298,677
Depreciable assets	110,508,434	104,816,675	232,035,800	226,358,273	342,544,234	331,174,948
Construction in progress	12,140,928	9,341,811	18,915,078	13,729,241	31,056,006	23,071,052
Total	<u>\$ 137,961,837</u>	<u>\$ 129,440,741</u>	<u>\$ 261,497,860</u>	<u>\$ 250,360,699</u>	<u>\$ 399,459,697</u>	<u>\$ 379,801,440</u>

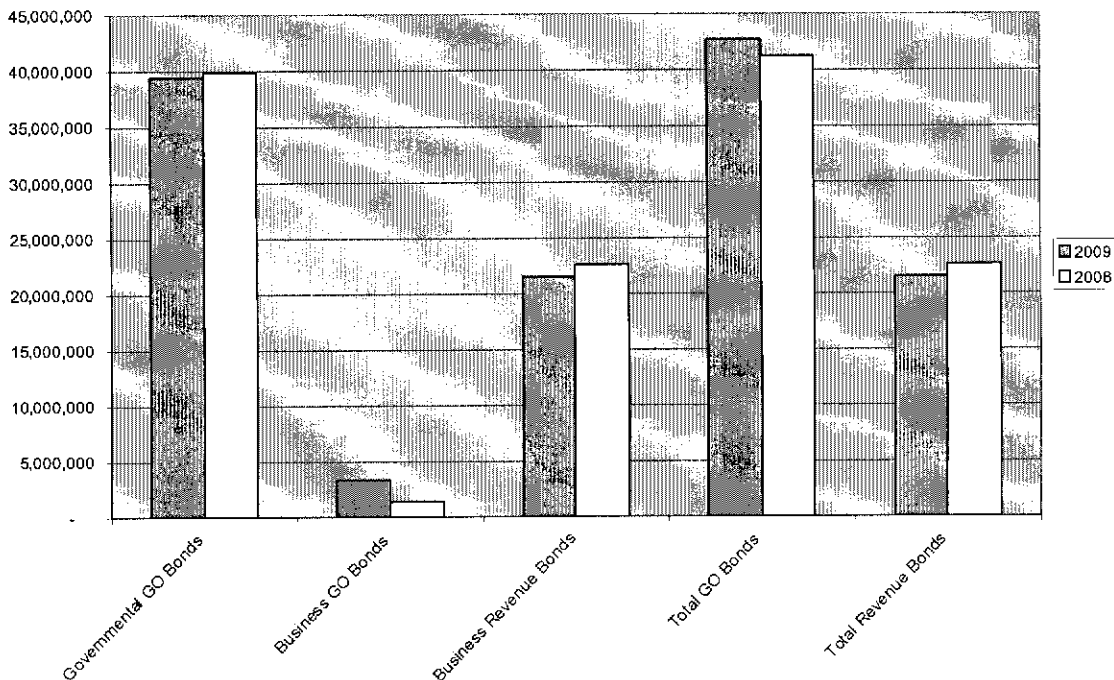
**Long-term Debt.** At the close of the fiscal year ended June 30, 2009, the City had bonds outstanding of \$64,195,000. General obligation debt was \$42,700,000 and revenue bonds outstanding totaled \$21,495,000. General obligation bonds of \$8,355,000 were issued for the cost of construction, reconstruction and repair of streets and storm sewers in the City; \$5,340,000 was issued for construction of the Furman Aquatic Complex; and \$2,530,000 was issued for water projects to be repaid by the Water fund. General obligation refunding bonds of \$6,995,000 were also issued in April, retiring \$7,150,000 of previous bond issues.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 39,414,128	\$ 39,854,081	\$ 3,285,872	\$ 1,340,919	\$ 42,700,000	\$ 41,195,000
Revenue bonds			21,495,000	22,555,000	21,495,000	22,555,000
Total	<u>\$ 39,414,128</u>	<u>\$ 39,854,081</u>	<u>\$ 24,780,872</u>	<u>\$ 23,895,919</u>	<u>\$ 64,195,000</u>	<u>\$ 63,750,000</u>

Long-term debt amounts (bonds payable) are shown without reference to applicable premiums.

### Outstanding Debt



The City maintains a Aaa rating from Moody's Investor Services on all its general obligation debt.

State statutes limit the amount of general obligation debt an Iowa city may issue to five percent (5%) of the actual assessed valuation at January 1, 2007 related to the 2008-2009 fiscal year. The current debt limitation for the City is \$161,231,483. A portion of the outstanding general obligation debt is abated by revenue sources other than the property tax levy. Additional information on the City's long-term debt can be found in the notes to the financial statements in this report on pages 68 through 71.



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate ended the fiscal year at 4.5%, higher than the 3.3% rate for the prior year and under the State of Iowa rate of 6.2% and the 9.7% national rate.

City revenue sources affected by economic activity such as local option sales tax, building permit fees, and road use tax showed slight increases or decreases from the prior year. The increase in hotel/motel revenue was due to a one-time collection of unpaid taxes.

### Selected Revenues

	2009	2008	Change
Local Option Tax	6,241,701	5,890,772	350,929
Hotel/Motel Tax	1,822,205	1,106,797	715,408
Road Use Tax	4,204,593	4,346,879	(142,286)
Building Permits	599,483	605,935	(6,452)

### Property taxes.

The City anticipates limited growth in valuation of taxable property. However the 2009-2010 budget required a \$.20 (1.81%) decrease in the property tax rate from \$11.06/\$1,000 of taxable valuation to \$10.86.

This moderate property tax decrease is due in part to:

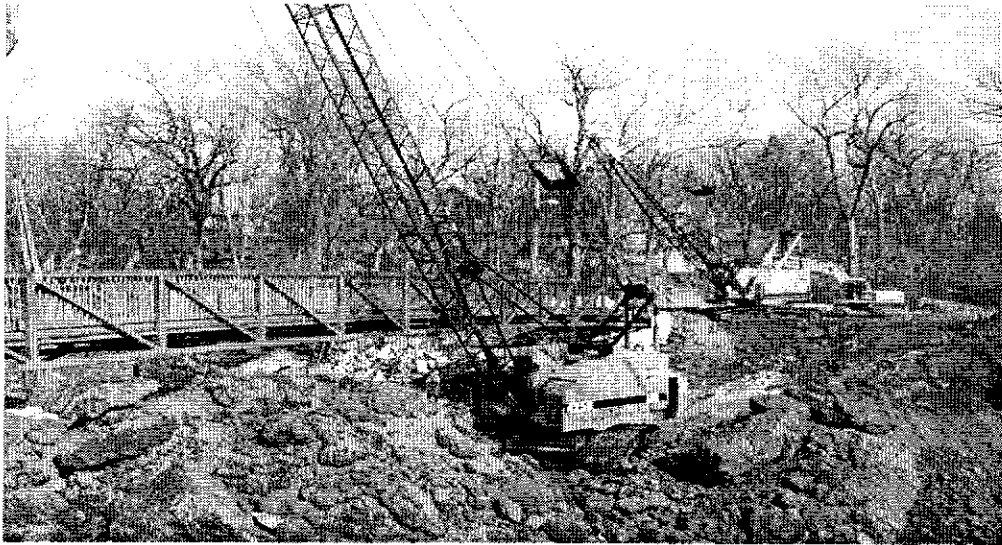
- Continued success in the area of health care cost containment.
- A larger than anticipated fund balance in the general fund has allowed financing of one-time capital items in 2008-2009 rather than raising taxes to support these expenditures.

**Utility rates.** Rates charged the citizens of Ames were increased by 5% for electric, approximately 10% for water, and the rate for storm sewer increased by \$.40 to \$3 per month for FY 2009-2010. Rates for sewer and Resource Recovery were not increased.

**Requests for information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 515 Clark Avenue, Ames, Iowa, 50010.

## BRIDGE IN BROOKSIDE PARK

A new pre-fabricated steel bridge replaced a wooden suspension bridge in Brookside Park over Squaw Creek. The old bridge was scheduled for replacement when the flood of May 2008 contributed to the bridge's poor condition. The new structure is eight feet wide and 120 feet in length.



Brookside Park Bridge – Under Construction



Brookside Park Bridge - Finished

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Current assets:				
Cash and pooled cash investments	\$ 40,908,621	\$ 26,794,807	\$ 67,703,428	\$ 618,707
Investments		25,103,279	25,103,279	8,326,325
Taxes receivable	273,130		273,130	
Special assessments receivable	149,235		149,235	
Accounts receivable, net	617,866	28,104,567	28,722,433	5,312
Pledges receivable, net				317,582
Accrued interest receivable	199,477	227,832	427,309	
Intergovernmental receivables	1,899,846	1,506,322	3,406,168	
Loans receivable	67,462		67,462	
Internal balances	(4,698,792)	4,698,792		
Inventories	192,592	7,665,849	7,858,441	
Houses held for resale	417,934		417,934	
Prepaid items	94,724	1,846,379	1,941,103	
Total unrestricted current assets	40,122,095	95,947,827	136,069,922	9,267,926
Restricted current assets:				
Investments		2,732,033	2,732,033	
Accrued interest receivable		317,216	317,216	
Total restricted current assets		3,049,249	3,049,249	
Total current assets	40,122,095	98,997,076	139,119,171	9,267,926
Noncurrent assets:				
Long-term investments		2,000,650	2,000,650	
Succeeding year taxes receivable	21,977,191		21,977,191	
Long-term loans receivable	184,364		184,364	
Long-term special assessments receivable	283,369		283,369	
Deferred debt issuance costs	181,288	367,993	549,281	
Capital assets:				
Land	10,988,443	10,546,982	21,535,425	
Other nondepreciable assets	4,324,032		4,324,032	
Depreciable assets	190,725,239	507,480,716	698,205,955	
Construction in progress	12,140,928	18,915,078	31,056,006	
Less accumulated depreciation	(80,216,805)	(275,444,916)	(355,661,721)	
Capital assets, net	137,961,837	261,497,860	399,459,697	
Total unrestricted noncurrent assets	160,588,049	263,866,503	424,454,552	
Restricted noncurrent assets:				
Long-term investments		72,335,565	72,335,565	
Total noncurrent assets	160,588,049	336,202,068	496,790,117	
Total assets	200,710,144	435,199,144	635,909,288	9,267,926

# CITY OF AMES, IOWA

## STATEMENT OF NET ASSETS JUNE 30, 2009

LIABILITIES	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Current liabilities:				
Accounts payable	2,443,237	9,920,243	12,363,480	280,479
Retainage payable	748,903	1,350,680	2,099,583	
Due to other governments	139,351	182,984	322,335	
Compensation and payroll taxes	199,878	1,913,242	2,113,120	
Employee benefits	6,678	9,965,598	9,972,276	
Bonds payable	5,983,396	1,736,604	7,720,000	
Unamortized premiums on bonds issued		14,206	14,206	
Deferred charges		(8,881)	(8,881)	
Loans payable		32,673	32,673	
Notes payable		705,555	705,555	
Interest payable	120,156	149,455	269,611	
Claims payable	529,869	586,233	1,116,102	
Unearned revenue	223,932	5,780	229,712	
Landfill postclosure costs		14,062	14,062	
Customer deposits	79,694	889,096	968,790	
Total current liabilities	10,475,094	27,457,530	37,932,624	280,479
Noncurrent liabilities:				
Employee benefits	1,792,891	1,212,870	3,005,761	
Post-employment benefits	90,096	1,734,621	1,824,717	
Bonds payable	33,430,732	23,044,268	56,475,000	
Unamortized premiums on bonds issued	481,559	483,579	965,138	
Deferred charges	(12,223)	(423,717)	(435,940)	
Notes payable		2,492,279	2,492,279	
Claims payable		268,092	268,092	
Succeeding year unearned revenue	21,977,191		21,977,191	
Landfill postclosure costs		511,505	511,505	
Total noncurrent liabilities	57,760,246	29,323,497	87,083,743	
Total liabilities	68,235,340	56,781,027	125,016,367	280,479
NET ASSETS				
Invested in capital assets, net of related debt	101,940,741	233,486,481	335,427,222	
Restricted:				
Expendable for:				
Debt service	1,990,754	1,559,234	3,549,988	
Capital improvements	3,393,032		3,393,032	
State and grant purposes	1,931,475		1,931,475	
Donor restricted purposes	503,591		503,591	
Mary Greeley Medical Center				7,764,952
Nonexpendable for:				
Perpetual care	862,985		862,985	
Furman Aquatic Center endowment	1,000,000		1,000,000	
Bliss Cancer Endowment Fund				242,758
Unrestricted	20,852,226	143,372,402	164,224,628	979,737
Total net assets	\$ 132,474,804	\$ 378,418,117	\$ 510,892,921	\$ 8,987,447

The notes to the financial statements are an integral part of this statement.

# CITY OF AMES, IOWA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Functions	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
Governmental activities:			
Public safety	\$ 13,011,464	2,387,020	161,573
Public works	13,090,595	976,930	237,849
Health and social services	1,159,050		
Culture and recreation	6,668,942	1,059,095	403,391
Community and economic development	3,850,712	73,674	1,634,959
General government	2,518,339	1,367,765	
Interest on long-term debt	1,571,257		
Total governmental activities	41,870,359	5,864,484	2,437,772
Business-type activities:			
Mary Greeley Medical Center	153,741,531	156,095,243	74,230
Electric Utility	39,716,298	50,432,375	
Sewer Utility	6,485,535	5,126,681	
Water Utility	6,514,499	6,742,803	
Storm Sewer Utility	1,080,705	878,597	27,332
Parking Lot	766,381	792,023	
Resource Recovery	3,914,713	3,444,001	614,954
Transit	7,685,829	4,507,801	1,964,558
Ames/ISU Ice Arena	511,334	444,671	
Homewood Golf Course	218,708	234,701	
Total business-type activities	220,635,533	228,698,896	2,681,074
Total primary government	\$ 262,505,892	\$ 234,563,380	\$ 5,118,846
<b>Component unit:</b>			
Mary Greeley Medical Center Foundation	\$ 828,641		\$ 1,317,166

### General revenues:

#### Taxes:

Property taxes

Sales taxes

Road use tax

Grants and contributions not restricted to specific programs

Investment earnings

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Total net assets at beginning of year

Total net assets at end of year

The notes to the financial statements are an integral part of this statement.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
446 \$	(10,462,425)		\$ (10,462,425)	
2,901,173	(8,974,643)		(8,974,643)	
	(1,159,050)		(1,159,050)	
	(5,206,456)		(5,206,456)	
	(2,142,079)		(2,142,079)	
	(1,150,574)		(1,150,574)	
	(1,571,257)		(1,571,257)	
2,901,619	(30,666,484)		(30,666,484)	
		\$ 2,427,942	2,427,942	
		10,716,077	10,716,077	
227,077		(1,131,777)	(1,131,777)	
232,995		461,299	461,299	
		(174,776)	(174,776)	
		25,642	25,642	
		144,242	144,242	
865,268		(348,202)	(348,202)	
20,000		(46,663)	(46,663)	
		15,993	15,993	
1,345,340		12,089,777	12,089,777	
\$ 4,246,959	(30,666,484)	12,089,777	(18,576,707)	
\$				\$ 488,525
	21,436,807		21,436,807	
	8,068,835		8,068,835	
	4,204,593		4,204,593	
	15,842		15,842	
	1,508,776	(8,598,734)	(7,089,958)	(1,963,584)
		1,311	1,311	
	307,267	(307,267)		
	35,542,120	(8,904,690)	26,637,430	(1,963,584)
	4,875,636	3,185,087	8,060,723	(1,475,059)
	127,599,168	375,233,030	502,832,198	10,462,506
\$ 132,474,804	\$ 378,418,117	\$ 510,892,921	\$ 8,987,447	

# CITY OF AMES, IOWA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and pooled cash investments	\$ 5,842,571	\$ 1,914,348	\$ 4,576,596	\$ 16,208,471	\$ 28,541,986
Taxes receivable	163,040	98,357		11,733	273,130
Special assessments receivable			149,235		149,235
Accounts receivable	232,610		317,566	37,674	587,850
Accrued interest receivable	82,708		18,009	38,844	139,561
Intergovernmental receivables	106,796		138,117	1,650,835	1,895,748
Loans receivable				67,462	67,462
Due from other funds	1,144,252		247,921	168,060	1,560,233
Inventories	37,168			88,925	126,093
Houses held for resale				417,934	417,934
Prepaid items	21,786			2,796	24,582
Succeeding year taxes receivable	13,036,134	7,984,458		956,599	21,977,191
Long-term loans receivable				184,364	184,364
Long-term special assessments receivable			283,369		283,369
Total assets	\$ 20,667,065	\$ 9,997,163	\$ 5,730,813	\$ 19,833,697	\$ 56,228,738
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 176,882		\$ 1,269,688	\$ 409,938	\$ 1,856,508
Retainage payable			244,342	504,561	748,903
Interest payable				38	38
Due to other governments	62,278		400	60,996	123,674
Compensation and payroll taxes	126,081		3,877	55,410	185,368
Due to other funds	132,154	\$ 21,951	365,133	1,014,554	1,533,792
Deferred revenue	9,545		283,369	300,262	593,176
Succeeding year deferred revenue	13,036,134	7,984,458		956,599	21,977,191
Customer deposits				79,694	79,694
Total liabilities	13,543,074	8,006,409	2,166,809	3,382,052	27,098,344
Fund balances:					
Reserved for:					
Encumbrances	131,645		3,564,004	1,083,276	4,778,925
Perpetual care				862,985	862,985
Furman Aquatic Center endowment				1,000,000	1,000,000
Inventories	37,168			88,925	126,093
Houses held for resale				417,934	417,934
Long-term loans receivable				184,364	184,364
Prepaid items	21,786			2,796	24,582
Debt service		1,990,754			1,990,754
State and grant restricted purpose				1,931,475	1,931,475
Donor restricted purposes				503,591	503,591
Unreserved:					
Designated for subsequent year's expenditures in nonmajor special revenue funds				800,114	800,114
Designated for subsequent year's expenditures in general fund	600,000				600,000
Unreserved, reported in:					
General fund	6,333,392				6,333,392
Nonmajor special revenue funds				9,576,185	9,576,185
Total fund balances	7,123,991	1,990,754	3,564,004	16,451,645	29,130,394
Total liabilities and fund balances	\$ 20,667,065	\$ 9,997,163	\$ 5,730,813	\$ 19,833,697	\$ 56,228,738

The notes to the financial statements are an integral part of this statement.



## CITY OF AMES, IOWA

### RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS JUNE 30, 2009

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Fund balances - total governmental funds \$ 29,130,394

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	10,988,443
Other nondepreciable assets	4,324,032
Depreciable assets	177,832,533
Construction in progress	12,140,928
Less: accumulated depreciation	(71,987,671)
	<u>133,298,265</u>

Debt issuance costs are deferred and amortized over the life of the bonds 181,288

Hotel/Motel taxes collected after year-end are not available soon enough to pay for the current period's expenditures and are reported as deferred revenue in the funds; 28.6% is accrued for the government-wide 85,875

Long-term special assessments receivable are not considered available to pay for the current period's expenditures and are reported as deferred revenue in the funds. 283,369

Internal service funds are used by management to charge the costs of fleet services and acquisition, data processing and telecommunications, and health, workers compensation and other insurance to individual funds:

Current assets	12,947,474
Depreciable assets	12,892,706
Less: accumulated depreciation	(8,229,134)
Current liabilities	(1,321,203)
Long-term liabilities	(149,190)
	<u>16,140,653</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Interest payable on general obligation bonds	(120,118)
Long-term employee benefits payable	(1,651,300)
Post-employment benefits	(82,497)
General obligation bonds payable	(39,414,128)
Deferred charges on refunding	12,223
Unamortized premiums on bonds sold	(481,559)
	<u>(41,737,379)</u>

Internal balance due to integration of internal service funds (4,907,661)

Net assets of governmental activities \$ 132,474,804

The notes to the financial statements are an integral part of this statement

# CITY OF AMES, IOWA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	General	Debt Service	Capital Projects
Revenues:			
Taxes	\$ 12,431,218	\$ 8,047,881	
Special assessments			\$ 136,817
Licenses and permits	1,071,936		
Intergovernmental	317,265	35,472	1,326,698
Charges for services	3,359,145		
Fines and forfeits	214,672		
Donations	7,699		560,323
Investment earnings	690,771	146,342	243,451
Miscellaneous	143,383		2,944
Total revenues	<u>18,236,089</u>	<u>8,229,695</u>	<u>2,270,233</u>
Expenditures:			
Current:			
Public safety	12,840,549		
Public works	1,333,452	315,000	
Health and social services	148,150		
Culture and recreation	5,950,740		
Community and economic development	659,379		
General government	2,155,586	51,423	
Capital projects			10,889,505
Debt service:			
Principal retirement		6,109,953	
Interest and fiscal charges		1,681,184	
Total expenditures	<u>23,087,856</u>	<u>8,157,560</u>	<u>10,889,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,851,767)</u>	<u>72,135</u>	<u>(8,619,272)</u>
Other financing sources (uses):			
Issuance of bonds			5,825,000
Issuance of refunding bonds		6,995,000	
Premiums on debt issued		85,108	
Premiums on refunding debt issued		210,985	
Payment of refunded bonds		(7,150,000)	
Transfers in	6,682,835	354,116	44,487
Transfers out	(1,360,710)		(366,225)
Total other financing sources (uses)	<u>5,322,125</u>	<u>495,209</u>	<u>5,503,262</u>
Net change in fund balances	470,358	567,344	(3,116,010)
Fund balances at beginning of year	<u>6,653,633</u>	<u>1,423,410</u>	<u>6,680,014</u>
Fund balances at end of year	<u>\$ 7,123,991</u>	<u>\$ 1,990,754</u>	<u>\$ 3,564,004</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 957,708	\$ 21,436,807
	136,817
	1,071,936
14,279,294	15,958,729
92,532	3,451,677
	214,672
155,408	723,430
265,043	1,345,607
5,886	152,213
<u>15,755,871</u>	<u>44,491,888</u>
76,976	12,917,525
3,851,339	5,499,791
1,011,576	1,159,726
376,310	6,327,050
3,191,852	3,851,231
86,732	2,293,741
4,459,535	15,349,040
	6,109,953
	1,681,184
<u>13,054,320</u>	<u>55,189,241</u>
<u>2,701,551</u>	<u>(10,697,353)</u>
	5,825,000
	6,995,000
	85,108
	210,985
	(7,150,000)
331,926	7,413,364
<u>(5,380,845)</u>	<u>(7,107,780)</u>
<u>(5,048,919)</u>	<u>6,271,677</u>
(2,347,368)	(4,425,676)
<u>18,799,013</u>	<u>33,556,070</u>
<u>\$ 16,451,645</u>	<u>\$ 29,130,394</u>

# CITY OF AMES, IOWA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$ (4,425,676)
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures. In the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Current additions to capital assets	15,310,371
Current deletion of capital assets	(886,753)
Depreciation expense on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Depreciation expense is not reported as an expenditure in governmental funds.	
Current depreciation	(6,379,876)
Current elimination of depreciation on deleted assets	500,770
Debt issuance costs do not require the use of current financial resources; they are amortized over the life of the debt.	
	92,715
Current year amortization of debt issuance costs is not shown as an expenditure in governmental funds.	
	(36,350)
Hotel/Motel taxes collected after year-end are shown as deferred revenue in the funds and revenue in the government-wide statements.	
	85,875
Prior year accrued Hotel/Motel taxes are shown as revenue in the funds and not in the government-wide statements.	
	(80,945)
The change in long-term special assessments receivable is shown as deferred revenue in the funds and revenue in the government-wide statements.	
	47,835
Premiums on bonds sold are not current financial resources. They are used to reduce the amount of interest expense and amortized over the life of the bonds issued.	
	(296,094)
Current year amortization of premiums is not shown as a revenue. It is used to reduce current year interest expense.	
	44,322
Long-term employee benefits and post-employment benefits are reported in the government-wide statement of activities and changes in net assets. They do not require the use of current financial resources and are not reported as expenditures in governmental funds.	
	(128,180)
Bond proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net assets. Repayment of bond principal is an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net assets.	
Bond proceeds from issuances	(12,820,000)
Payments on long-term debt	13,259,953
Interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets. It does not require the use of current financial resources. This interest expense is not reported as an expenditure in the governmental funds.	
Reversal of prior year accrued interest on general obligation bonds	129,359
Interest payable on general obligation bonds at year-end	(120,118)
Internal service funds are used by management to charge the costs of fleet services and acquisition, data processing and telecommunications, and health, workers compensation, and other insurance to individual funds. The revenues and expenses of the internal service funds are divided between the governmental funds and business-type funds according to their proportion of usage.	
Portion of internal service funds	578,428
Change in net assets of governmental activities	\$ 4,875,636

The notes to the financial statements are an integral part of this statement



At the end of May, the Mayor and members of the City Council were on hand for a special "wire-cutting" celebration highlighting the wireless Internet connection available at Tom Evans Plaza. This location is one of several outdoor locations or "WiFi hotspots" providing free Internet service. Other WiFi hotspots include Hunziker Youth Sports Complex, Brookside Park, Campustown Court, and the new Furman Aquatic Center. Current and future inside hotspots include City Hall, Municipal Pool, and the ISU/City of Ames Ice Arena. The City Council pursued offering free Internet hotspots after being approached by citizens who asked for the service. Council Members agreed this service would forward their goal of "connecting the community" and funded the project.



**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
<b>ASSETS</b>			
Current assets:			
Cash and pooled cash investments	\$ 6,988,963	\$ 2,377,332	\$ 5,572,493
Investments		25,103,279	
Accounts receivable, net	20,840,037	5,694,144	479,004
Accrued interest receivable		138,333	27,331
Intergovernmental receivables		861,786	11,171
Due from other funds		98,843	35,478
Inventories	2,587,793	4,601,533	
Prepaid items	1,415,769	1,200	1,449
Total unrestricted current assets	<u>31,832,562</u>	<u>38,876,450</u>	<u>6,126,926</u>
Restricted current assets:			
Investments	2,732,033		
Accrued interest receivable	317,216		
Total restricted current assets	<u>3,049,249</u>		
Total current assets	<u>34,881,811</u>	<u>38,876,450</u>	<u>6,126,926</u>
Noncurrent assets:			
Long-term investments		2,000,650	
Deferred debt issuance costs, net	352,103		
Capital assets:			
Land	4,774,987	1,626,900	1,910,222
Land improvements	1,248,102		
Plant and distribution systems		149,681,197	70,270,308
Buildings	104,578,402		
Equipment	85,963,749		
Construction in progress	6,028,678	11,844,444	30,712
Less accumulated depreciation	(95,292,296)	(106,054,232)	(35,499,416)
Capital assets, net	<u>107,301,622</u>	<u>57,098,309</u>	<u>36,711,826</u>
Total unrestricted noncurrent assets	<u>107,653,725</u>	<u>59,098,959</u>	<u>36,711,826</u>
Restricted noncurrent assets:			
Long-term investments	<u>72,335,565</u>		
Total noncurrent assets	<u>179,989,290</u>	<u>59,098,959</u>	<u>36,711,826</u>
Total assets	<u>214,871,101</u>	<u>97,975,409</u>	<u>42,838,752</u>

**Business-type Activities -  
Enterprise Funds (continued)**

Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 6,022,555	\$ 5,254,570	\$ 26,215,913	\$ 12,945,529
		25,103,279	
725,302	366,080	28,104,567	30,016
29,701	28,024	223,389	64,359
275	633,090	1,506,322	4,098
63,251	94,851	292,423	314,920
195,709	280,814	7,665,849	66,499
904	2,982	1,422,304	494,217
<u>7,037,697</u>	<u>6,660,411</u>	<u>90,534,046</u>	<u>13,919,638</u>
		2,732,033	
		317,216	
		<u>3,049,249</u>	
<u>7,037,697</u>	<u>6,660,411</u>	<u>93,583,295</u>	<u>13,919,638</u>
		2,000,650	
12,931	2,959	367,993	
654,639	1,580,234	10,546,982	
	1,573,063	2,821,165	192,433
54,271,225		274,222,730	
	23,700,914	128,279,316	551,493
	16,180,086	102,143,835	12,162,450
	1,011,244	18,915,078	
<u>(17,948,864)</u>	<u>(20,636,438)</u>	<u>(275,431,246)</u>	<u>(8,242,804)</u>
<u>36,977,000</u>	<u>23,409,103</u>	<u>261,497,860</u>	<u>4,663,572</u>
<u>36,989,931</u>	<u>23,412,062</u>	<u>263,866,503</u>	<u>4,663,572</u>
		72,335,565	
<u>36,989,931</u>	<u>23,412,062</u>	<u>336,202,068</u>	<u>4,663,572</u>
<u>44,027,628</u>	<u>30,072,473</u>	<u>429,785,363</u>	<u>18,583,210</u>

(continued)

# CITY OF AMES, IOWA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2009

LIABILITIES	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Current liabilities:			
Accounts payable	6,975,738	2,213,022	167,160
Retainage payable	1,016,463	160,276	2,432
Due to other governments		83,477	15,538
Compensation and payroll taxes	1,600,517	126,620	9,851
Employee benefits	9,895,668	31,955	7,054
Due to other funds		263,953	113,492
Loans payable			
Notes payable	705,555		
Bonds payable	1,090,000		
Unamortized premiums on bonds issued			
Deferred charges			
Interest payable	82,800	55,330	
Unearned revenue			
Landfill postclosure costs			
Customer deposits		889,096	
Total current liabilities	<u>21,366,741</u>	<u>3,823,729</u>	<u>315,527</u>
Noncurrent liabilities:			
Employee benefits		573,055	123,339
Post-employment benefits	1,664,235	30,114	8,232
Notes payable	2,492,279		
Bonds payable	20,405,000		
Unamortized premiums on bonds issued	445,583		
Deferred charges	(423,717)		
Claims payable	268,092		
Landfill postclosure costs			
Total noncurrent liabilities	<u>24,851,472</u>	<u>603,169</u>	<u>131,571</u>
Total liabilities	<u>46,218,213</u>	<u>4,426,898</u>	<u>447,098</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	82,608,788	57,098,309	36,711,826
Restricted for debt service	1,559,234		
Unrestricted	<u>84,484,866</u>	<u>36,450,202</u>	<u>5,679,828</u>
Total net assets	<u>\$ 168,652,888</u>	<u>\$ 93,548,511</u>	<u>\$ 42,391,654</u>

Adjustment to reflect the consolidation of internal  
service fund activities related to business-type activities.

Net assets of business-type activities

The notes to the financial statements are an integral part of this statement.



Business-type Activities - Enterprise Funds (continued)			
Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
150,596	378,920	9,885,436	621,536
109,189	62,320	1,350,680	
29,340	54,629	182,984	15,677
18,597	157,657	1,913,242	14,510
9,593	21,141	9,965,411	6,865
123,699	109,161	610,305	23,479
	32,673	32,673	
		705,555	
221,604	425,000	1,736,604	
	14,206	14,206	
	(8,881)	(8,881)	
9,238	2,087	149,455	
	5,780	5,780	
	14,062	14,062	
		889,096	
<u>671,856</u>	<u>1,268,755</u>	<u>27,446,608</u>	<u>682,067</u>
178,881	334,966	1,210,241	144,220
9,421	22,471	1,734,473	7,747
		2,492,279	
2,639,268		23,044,268	
37,996		483,579	
		(423,717)	
		268,092	
	511,505	511,505	
<u>2,865,566</u>	<u>868,942</u>	<u>29,320,720</u>	<u>151,967</u>
<u>3,537,422</u>	<u>2,137,697</u>	<u>56,767,328</u>	<u>834,034</u>
34,116,128	22,951,430	233,486,481	4,663,572
		1,559,234	
<u>6,374,078</u>	<u>4,983,346</u>	<u>137,972,320</u>	<u>13,085,604</u>
<u>\$ 40,490,206</u>	<u>\$ 27,934,776</u>	<u>\$ 373,018,035</u>	<u>\$ 17,749,176</u>
		<u>5,400,082</u>	
		<u>\$ 378,418,117</u>	

(concluded)

**CITY OF AMES, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Operating revenues:			
Charges for goods and services	\$ 156,095,243	\$ 50,432,375	\$ 5,126,681
Operating expenses:			
Cost of goods and services	113,601,059	35,986,404	4,006,358
Administration	27,165,647	933,867	538,604
Depreciation	11,932,233	2,815,753	1,957,579
Total operating expenses	152,698,939	39,736,024	6,502,541
Operating income (loss)	3,396,304	10,696,351	(1,375,860)
Nonoperating revenues (expenses):			
Investment earnings	(9,869,132)	722,100	168,922
Interest expense	(954,440)	(27,867)	
Federal, state, and other operating grants	74,230		
Costs reimbursed by contract participants			
Gain (loss) on disposal of capital assets	(88,152)	(5,906)	
Total nonoperating revenues	(10,837,494)	688,327	168,922
Income (loss) before contributions and transfers	(7,441,190)	11,384,678	(1,206,938)
Capital contributions			227,077
Transfers in			
Transfers out		(1,688,368)	(561)
Change in net assets	(7,441,190)	9,696,310	(980,422)
Total net assets at beginning of year	176,094,078	83,852,201	43,372,076
Total net assets at end of year	\$ 168,652,888	\$ 93,548,511	\$ 42,391,654

Change in net assets

Adjustment to reflect the consolidation of internal  
service fund activities related to business-type activities

Change in net assets of business-type activities

The notes to the financial statements are an integral part of this statement.

Business-type Activities -  
Enterprise Funds (continued)

Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 6,742,803	\$ 10,301,794	\$ 228,698,896	\$ 12,261,264
5,029,318	11,563,116	170,186,255	11,132,998
279,389	1,121,623	30,039,130	
1,131,006	1,494,469	19,331,040	868,526
6,439,713	14,179,208	219,556,425	12,001,524
303,090	(3,877,414)	9,142,471	259,740
187,717	191,659	(8,598,734)	392,180
(85,884)	(27,098)	(1,095,289)	
	1,991,890	2,066,120	
	614,954	614,954	
	1,311	(92,747)	35,064
101,833	2,772,716	(7,105,696)	427,244
404,923	(1,104,698)	2,036,775	686,984
232,995	885,268	1,345,340	
	1,382,223	1,382,223	1,683
(561)		(1,689,490)	
637,357	1,162,793	3,074,848	688,667
39,852,849	26,771,983	369,943,187	15,944,407
\$ 40,490,206	\$ 27,934,776	\$ 373,018,035	\$ 16,633,074

\$ 3,074,848

110,239

\$ 3,185,087

**CITY OF AMES, IOWA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Mary Greeley Medical Center</b>	<b>Electric Utility</b>	<b>Sewer Utility</b>
Cash flows from operating activities:			
Receipts from customers	\$ 146,650,936	\$ 50,487,692	\$ 5,140,044
Payments to suppliers	(61,417,720)	(28,885,854)	(1,351,284)
Payments to employees	(79,623,232)	(7,522,549)	(2,037,576)
Payments for interfund services used		(1,977,221)	(1,111,316)
Other receipts	8,961,541		
Net cash provided by (used in) operating activities	14,571,525	12,102,068	639,868
Cash flows from noncapital financing activities:			
Operating grants	74,230		
Costs reimbursed by contract participants			
Transfers in			
Transfers out		(1,688,368)	(561)
Net cash provided by (used in) noncapital financing activities	74,230	(1,688,368)	(561)
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds			
Principal paid on revenue bond maturities	(1,060,000)		
Principal paid on general obligation bond maturities	(1,041,509)	(27,785)	
Interest paid and other fiscal charges			
Proceeds from loan program			
Purchases of capital assets	(15,249,645)	(4,414,881)	(478,651)
Principal paid on notes payable	(279,006)		
Proceeds from sale of capital assets	14,250		
Capital contributions			
Net cash used in capital and related financing activities	(17,615,910)	(4,442,666)	(478,651)
Cash flows from investing activities:			
Purchase of investments	(19,088,508)	(46,986,547)	
Proceeds from sales and maturities of investments	13,630,172	40,142,674	
Interest on investments and pooled cash	1,955,493	762,392	181,496
Net cash provided by (used in) investing activities	(3,502,843)	(6,081,481)	181,496

Business-type Activities - Enterprise Funds (continued)				Internal Service Funds	
Water Utility	Other Enterprise Funds	Totals			
\$ 7,101,304	\$ 10,703,766	\$ 220,083,742		\$ 12,488,791	
(1,960,612)	(4,600,739)	(98,216,209)		(8,240,778)	
(2,194,949)	(6,756,059)	(98,134,365)		(1,731,228)	
(1,164,722)	(1,284,396)	(5,537,655)		(584,803)	
		8,961,541			
1,781,021	(1,937,428)	27,157,054		1,931,982	
	1,991,890	2,066,120			
	614,954	614,954			
	1,382,223	1,382,223		1,683	
(561)		(1,689,490)			
(561)	3,989,067	2,373,807		1,683	
2,554,593		2,554,593			
		(1,060,000)			
(150,047)	(435,000)	(585,047)			
(79,842)	(30,099)	(1,179,235)			
	32,673	32,673			
(3,679,705)	(2,653,725)	(26,476,607)		(933,308)	
		(279,006)			
	11,711	25,961		125,540	
	885,268	885,268			
(1,355,001)	(2,189,172)	(26,081,400)		(807,768)	
		(66,075,055)			
		53,772,846			
200,031	203,167	3,302,579		417,579	
200,031	203,167	(8,999,630)		417,579	

(continued)

**CITY OF AMES, IOWA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Net change in cash and pooled cash investments	(6,472,998)	(110,447)	342,152
Cash and pooled cash investments at beginning of year	13,461,961	2,487,779	5,230,341
Cash and pooled cash investments at end of year	<u>\$ 6,988,963</u>	<u>\$ 2,377,332</u>	<u>\$ 5,572,493</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 3,396,304	\$ 10,696,351	\$ (1,375,860)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	11,932,233	2,815,753	1,957,579
Changes in:			
Accounts receivable, net	(461,362)	457,589	11,881
Intergovernmental receivables		(438,752)	1,996
Due from other funds		(6,889)	(514)
Inventories	70,197	90,521	
Prepaid items	(155,395)	8,277	(959)
Accounts payable	497,633	(1,454,384)	(2,662)
Due to other governments		(33,578)	6,307
Accrued expenses	(708,085)	79,877	12,740
Due to other funds		(156,066)	29,360
Claims payable			
Unearned revenue		43,369	
Customer deposits			
Landfill postclosure costs			
Net cash provided by (used in) operating activities	<u>\$ 14,571,525</u>	<u>\$ 12,102,068</u>	<u>\$ 639,868</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized increases (decreases) in the fair value of investments	<u>\$ (7,618,524)</u>	<u>\$ (21,169)</u>	<u>\$ 19,458</u>
Noncash capital asset contributions			<u>\$ 227,077</u>
Capital asset trade-ins			

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds (continued)			Internal Service Funds
Water Utility	Other Enterprise Funds	Totals	
625,490	65,634	(5,550,169)	1,543,476
<u>5,397,065</u>	<u>5,188,936</u>	<u>31,766,082</u>	<u>11,402,053</u>
\$ <u>6,022,555</u>	\$ <u>5,254,570</u>	\$ <u>26,215,913</u>	\$ <u>12,945,529</u>
\$ 303,090	\$ (3,877,414)	\$ 9,142,471	\$ 259,740
1,131,006	1,494,469	19,331,040	868,526
46,212	73,701	128,021	32,464
1,697	238,714	(196,345)	6,425
310,592	89,502	392,691	188,638
17,482	(87,165)	91,035	4,413
(115)	(1,714)	(149,906)	404,053
(64,963)	99,891	(924,485)	16,090
5,068	(4,221)	(26,424)	(45,222)
13,543	47,581	(554,344)	6,720
17,409	2,232	(107,065)	668
			189,467
	55	55	
		43,369	
	<u>(13,059)</u>	<u>(13,059)</u>	
\$ <u>1,781,021</u>	\$ <u>(1,937,428)</u>	\$ <u>27,157,054</u>	\$ <u>1,931,982</u>
\$ <u>21,498</u>	\$ <u>22,039</u>	\$ <u>(7,576,698)</u>	\$ <u>44,605</u>
\$ <u>232,995</u>		\$ <u>460,072</u>	
			\$ <u>17,473</u>

(concluded)

**CITY OF AMES, IOWA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2009**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and pooled cash investments	\$ 242,190
Accounts receivable	<u>19</u>
Total assets	<u><u>\$ 242,209</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 34,857
Due to other governments	<u>207,352</u>
Total liabilities	<u><u>\$ 242,209</u></u>

The notes to the financial statements are an integral part of this statement.



## **CITY OF AMES, IOWA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The City of Ames, Iowa (City) was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City operates under a council-manager form of government. The accompanying financial statements present the government entities for which the City is considered to be financially accountable. The City operates a non-profit municipal hospital, Mary Greeley Medical Center. A separately elected board of trustees governs the municipal hospital's daily operations. The powers of the trustees are established by City ordinance which limits both the separate legal standing and fiscal independence of the hospital, therefore it is included as part of the primary government.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Mary Greeley Medical Center Foundation ("Foundation") is a legally separate, component unit of the hospital. It is considered a component unit of the city because the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the Mary Greeley Medical Center by the donors. The Foundation's financial statements are available from Mary Greeley Medical Center.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, service or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City has not allocated indirect costs separately in the government-wide statement of activities because the allocation is automatic. Certain indirect costs are included in the program expense reported for the individual functions, programs, and activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital projects fund is used to account for all resources used in the acquisition and construction of capital facilities and other fixed assets, with the exception of those that are financed through proprietary fund types.

The City reports the following major proprietary funds:

The Mary Greeley Medical Center fund accounts for the operation of a municipally owned, full-service medical care hospital.

The electric utility fund accounts for the operation of a municipally owned electric plant, which generates and distributes electrical power to customers within the City and some contiguous areas.

The sewer utility fund accounts for the activities related to the operation of a sanitary distribution system and the sewer treatment plant.

The water utility fund accounts for the operation of the City owned water plant, which provides water services to residents of the City and some contiguous areas.

Additionally, the City reports the following fund types:

Internal service funds account for the operations of fleet services and acquisitions, data processing and telecommunications, workers' compensation and general insurance, and health insurance for City employees. These services are provided to other departments and agencies of the City on a cost reimbursement basis.

Agency funds function as a clearing mechanism for payroll taxes and employee flexible benefits. They apply the accrual basis of accounting but do not have a measurement focus.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer, and electric utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

## **D. Assets, Liabilities, and Net Assets or Equity**

### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

The City is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

Investments are carried at fair value, which is based on quoted market prices. Investments in the Iowa Public Agency Investment Trust are valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The City has several nonmajor special revenue funds which have investment interest income and/or net increases (decreases) in fair value which have been assigned to the City's General Fund.

### **2. Receivables and Payables**

Activity between the internal service funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All utility customer accounts receivable and Mary Greeley Medical Center patient accounts receivable are shown net of an allowance for uncollectibles. Property tax receivables are

shown at a gross amount since they are assessable to the property and collectible upon sale of the assessed property.

Property taxes are levied on July 1 prior to the fiscal year for which the taxes are to be collected. They become an enforceable lien against the property when they are officially levied. Property taxes are payable in installments with one-half due September 30 and one-half due March 31. The City recognizes a succeeding year receivable and deferred revenue for taxes levied on July 1 of the current fiscal year that will not be collected until the next fiscal year.

Special assessments receivable are recorded at the time of their levy.

Net patient service revenue of Mary Greeley Medical Center (MGMC) is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

MGMC provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than established rates. Because MGMC does not pursue collection of amounts determined to qualify as financial assistance, they are not reported as net patient service revenue.

Charity care is also provided through reduced price services and free programs offered throughout the year based on activities and services Mary Greeley Medical Center believes will serve a community health need. These activities include health promotion, health education, civic involvement, research activities, community funding, and various health screening programs and are not reflected in the amount reported as charity care in the financial statements.

### **3. Inventories and Prepaid Items**

City inventories are maintained on a perpetual basis; materials and supplies and medical supplies and drugs are priced at an average cost, while coal is stated at the lower of cost (first-in, first-out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased (the consumption method of accounting). Houses held for resale are priced at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **4. Restricted Assets**

Certain assets of Mary Greeley Medical Center are restricted for the repayment of debt service and capital improvements.

### **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, traffic signals, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated historical cost or estimated fair market value at the date of donation.

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. Prospective reporting of general infrastructure assets is required beginning at the effective date of Statement 34. The City is required to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2005 but is encouraged to retroactively report these assets at an earlier date. The City has retroactively reported all major general infrastructure assets at June 30, 2006.

Only major general infrastructure assets are required to be retroactively reported. The GASB defined major general infrastructure assets at the network and subsystem levels as percentages of the total assets from the general fixed asset account group at June 30, 1999. The City has not retroactively capitalized the bike path network as its value was determined to be below that determined by the requirements of Statement 34. Sidewalks belong to the property owners and are maintained by them and are not assets of the City.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest expense was included as part of the cost of capital assets under construction in connection with Mary Greeley Medical Center construction projects.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvements other than buildings	20-40
Buildings	25-45
Plant and distribution system	25-50
Equipment	3-50
General infrastructure	15-50

## **6. Compensated Absences**

It is the City's policy to permit employees to accumulate vacation and sick leave hours (compensated absences), as well as compensatory time for overtime, for subsequent use or for payment upon termination, death, or retirement. There is an estimate for a liability for unpaid accumulated sick leave as employees may receive payment for 25% of accumulated hours in excess of 720 upon retirement only. All vacation, compensatory time, and estimated retirement severance are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **7. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

State law mandates that annual budgets for funds other than agency, internal service, and permanent funds for the fiscal year beginning July 1 must be certified to the County Auditor no later than March 15, preceding the beginning of the fiscal year.

The review and adoption of an annual budget is handled in accordance with State laws, as there is no City ordinance governing the budget process. Preliminary review of all operating budget requests is conducted by the City Manager at a City government function level. A five-year capital improvements plan is prepared annually. The first-year portion of the plan is

considered as the capital improvements projects budget for the annual budget. The City Manager's budget, considered as a plan of financial operation along with proposed sources of revenues, is presented to the City Council at least six weeks prior to certification. The Council holds hearings with the City Manager, Budget Officer, Department Heads, and Boards and Commissions, as well as a public hearing prior to adopting the budget.

Amendments to the budget are considered twice a year only if revenue sources are available, i.e., unanticipated revenues or budget surpluses. There can be no additional levy of property taxes. The actual amendment process, as prescribed by State law, is identical to the procedures followed for the original budget, including certification. The budgeted amounts presented in the financial statements reflect the original and the revised budget.

Budgets are monitored throughout the fiscal year by function, especially by major classifications such as personal services, capital, contractual, and commodities. Special revenue funds are budgeted at the aggregate fund level. Monthly reports are prepared by function, and major deviations by classification within a function must be approved by the City Manager. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level for all budgeted funds in total. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

The City prepares its budget on the basis of accounting principles generally accepted in the United States of America with the following exceptions. The enterprise funds do not budget depreciation expense but do budget for debt service expenditures and capital outlay. Internal service funds are not budgeted. Appropriations as adopted or amended lapse at the end of the fiscal year, and encumbrances are reappropriated for the following fiscal year.

Encumbrance accounting is used in governmental funds. Encumbrances, made up of purchase orders and contracts, outstanding at year end are reported as reservations of fund balances. They do not constitute expenditures or liabilities because the commitments will be reappropriated and honored in the subsequent year.

### **3. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

##### **Deposits**

The City's deposits at June 30, 2009 were entirely covered by federal depository insurance or collateralized in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of the pledged collateral is based on an approved method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City of Ames. Because of the inability to measure the exact amounts of collateral pledged for the City of Ames under this method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of Iowa enforces strict



standards of financial stability for each depository that collateralizes public deposits. The City of Ames has no policy regarding custodial credit risk for deposits.

## Investments

The table below identifies the investment types that are authorized for the City of Ames by the City of Ames Investment Policy. The Medical Center is guided by Chapters 12B and 12C of the Code of Iowa and policy as approved by the Board of Trustees in the selection of security investments. The City of Ames Investment Policy considers certificates of deposit as investments and all certificates of deposit purchased by the City of Ames are nonnegotiable. However, under GAAP, nonnegotiable certificates of deposit are cash deposits and not investments. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Operating Funds Maximum Maturity	Non-Operating Funds Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	397 Days	7 Years	N/A	N/A
U.S. Agency Securities	397 Days	7 Years	N/A	N/A
Certificates of Deposit	397 Days	7 Years	N/A	N/A
Prime Banker's Acceptances	270 Days	270 Days	10%	5%
Commercial Paper	270 Days	270 Days	10%	5%
Repurchase Agreements	397 Days	7 Years	N/A	N/A
Constant Dollar Money Market Funds	397 Days	7 Years	N/A	N/A
Joint Investment Trust	397 Days	7 Years	N/A	N/A
Warrants or Improvement Certificates of a Levee or Drainage District	397 Days	7 Years	N/A	N/A
Mutual Funds	N/A	N/A	N/A	N/A
U. S. Treasury Notes	17 Years	N/A	N/A	N/A
Corporate Debt Securities	N/A	30 Years	N/A	5%

At June 30, 2009, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Iowa Public Agency Investment Trust	\$ 17,389	N/A
Federal Agency Coupon Securities	16,595,278	Various 7/30/2009 thru 2/16/2043
Federal Agency Discount Securities	4,100,872	Various 7/31/2009 thru 5/30/2011
Federal Agency Pass Through Securities	9,090,607	Various 10/1/2009 thru 11/1/2013
U.S. Treasury Notes	3,258,498	8/15/2023
Mutual Funds	39,073,397	N/A
Corporate Debt Securities	31,298,448	Various 7/24/2009 thru 3/15/2067
Total:	<u>\$103,434,489</u>	

## Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Ames manages exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments are purchased with the intent to hold until maturity.

Information about the sensitivity of the fair values of the City of Ames' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City of Ames' investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Iowa Public Agency Investment Trust	\$ 17,389	\$ 17,389			
Federal Agency Coupon Securities	16,595,278	4,922,894	\$ 523,620	\$ 3,597,146	\$ 7,551,618
Federal Agency Discount Securities	4,100,872	1,499,715	2,601,157		
Federal Agency Pass Through Securities	9,090,607	2,494,578	3,561,850	3,034,179	
U.S. Treasury Notes	3,258,498				3,258,498
Mutual Funds	39,073,397	39,073,397			
Corporate Debt Securities	31,298,448	12,977,570	1,521,264	2,302,673	14,496,941
Total	\$ 103,434,489	\$ 60,985,543	\$ 8,207,891	\$ 8,933,998	\$ 25,307,057

The City of Ames' investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

	<u>Fair Value At Year End</u>
Federal Agency Pass Through Securities. These securities are subject to early payment in a period of changing interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 9,090,607

## Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Ames will minimize credit risk by using the following measures:

- Limiting investments to those authorized by the investment policy.

- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom the City will do business.
- Diversifying the investment portfolio by agency and issuer so that potential losses on individual securities can be minimized.
- Holding a minimum of 5% of the total portfolio in highly marketable short-term treasuries, checking with interest, government pooled account, or a combination of all three.

Presented below is the actual rating as of year end for each investment type of the City of Ames investment portfolio.

<u>Investment Type</u>		<u>Ratings as of Year End</u>
Iowa Public Agency Investment Trust	\$ 17,389	N/A
Federal Agency Coupon Securities	16,595,278	AAA
Federal Agency Discount Securities	4,100,872	AAA
Federal Agency Pass Through Securities	9,090,607	AAA
U.S. Treasury Notes	3,258,498	N/A
Mutual Funds	39,073,397	N/A
Corporate Debt Securities	31,298,448	<Baa-AAA
Total	<u>\$ 103,434,489</u>	

### Concentration of Credit Risk

The investment policy of the City of Ames provides for limitations approved by City Council on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total City of Ames investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Portfolio</u>
Federal National Mortgage Association	Federal Agency Securities	13,255,527	12.82%
Federal Home Loan Mortgage Co.	Federal Agency Securities	11,272,238	10.90%

### Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City of Ames' investment policy contains requirements that limit the exposure to custodial credit risk for deposits or investments by the following measures:

- Delivery vs. Payment-All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

- Bonding-City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance.
- Internal Controls-The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Ames are protected from loss, theft, or misuse.

The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Delivery versus payment
- Clear delegation of authority
- Confirmation of transactions for investments and wire transfers

As of June 30, 2009, The City of Ames' investments in the following investment types were held by the same third party custodian that was used by the City of Ames to buy the securities and evidenced by safekeeping receipts:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 1,502,215
Federal National Mortgage Association	Federal Agency Securities	13,255,527
Federal Home Loan Mortgage Co.	Federal Agency Securities	11,272,238

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2009, the City of Ames had no exposure to foreign currency rate risk.

### Foundation Investments

The Mary Greeley Medical Center Foundation reports under FASB standards. As such, adoption of GASB Statement No. 40, Deposit and Investment Risk Disclosures, was not required by the Foundation and, accordingly, no such disclosures are presented here.

Foundation investments at fair value at June 30, 2009 are summarized as follows:

Equity mutual funds	\$ 4,286,305
Bond mutual funds	172,431
U.S. Treasury notes	161,632
Government agencies	185,444
Corporate debt securities	3,118,866
Certificates of deposit	<u>401,647</u>
Total investments	<u>\$ 8,326,325</u>

## B. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,983,578	\$ 4,865		\$ 10,988,443
Land improvements	1,384,118			1,384,118
Construction in progress	9,341,811	9,608,425	\$ 6,809,308	12,140,928
Public art collection	445,619	4,400		450,019
Library collection	2,468,940	406,938	385,983	2,489,895
Total capital assets not being depreciated	<u>24,624,066</u>	<u>10,024,628</u>	<u>7,195,291</u>	<u>27,453,403</u>
Capital assets being depreciated:				
Buildings	13,535,576	184,242		13,719,818
Equipment	13,891,316	1,090,653	395,821	14,586,148
Infrastructure	151,035,595	11,770,938	387,260	162,419,273
Total capital assets being depreciated	<u>178,462,487</u>	<u>13,045,833</u>	<u>783,081</u>	<u>190,725,239</u>
Less accumulated depreciation for:				
Buildings	6,788,411	338,707		7,125,118
Equipment	8,344,860	1,011,763	287,871	9,068,752
Infrastructure	58,512,541	5,897,654	387,260	64,022,935
Total accumulated depreciation	<u>73,645,812</u>	<u>7,246,124</u>	<u>675,131</u>	<u>80,216,805</u>
Total capital assets being depreciated, net	<u>104,816,675</u>	<u>5,799,709</u>	<u>107,950</u>	<u>110,508,434</u>
Governmental activities capital assets, net	<u>\$ 129,440,741</u>	<u>\$ 15,824,337</u>	<u>\$ 7,303,241</u>	<u>\$ 137,961,837</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,273,185	\$ 273,797		\$ 10,546,982
Construction in progress	13,729,241	9,503,746	\$ 4,317,909	18,915,078
Total capital assets not being depreciated	<u>24,002,426</u>	<u>9,777,543</u>	<u>4,317,909</u>	<u>29,462,060</u>
Capital assets being depreciated:				
Plant and distribution systems	266,330,359	7,921,903	29,532	274,222,730
Buildings	120,928,998	7,521,167	170,849	128,279,316
Improvements other than buildings	2,802,191	93,975	75,001	2,821,165
Equipment	96,403,547	9,592,509	3,838,551	102,157,505
Total capital assets being depreciated	<u>486,465,095</u>	<u>25,129,554</u>	<u>4,113,933</u>	<u>507,480,716</u>
Less accumulated depreciation for:				
Plant and distribution systems	153,621,799	5,904,339	23,625	159,502,513
Buildings	43,298,359	4,496,240	170,850	47,623,749
Improvements other than buildings	1,409,282	137,846	64,910	1,482,218
Equipment	61,777,382	8,794,892	3,735,838	66,836,436
Total accumulated depreciation	<u>260,106,822</u>	<u>19,333,317</u>	<u>3,995,223</u>	<u>275,444,916</u>
Total capital assets being depreciated, net	<u>226,358,273</u>	<u>5,796,237</u>	<u>118,710</u>	<u>232,035,800</u>
Business-type activities capital assets, net	<u>\$ 250,360,699</u>	<u>\$ 15,573,780</u>	<u>\$ 4,436,619</u>	<u>\$ 261,497,860</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Public safety	\$ 409,376
Public works	6,132,922
Culture and recreation	484,322
Community and economic development	2,156
General government	<u>217,348</u>
Total depreciation expense governmental activities	<u>\$ 7,246,124</u>
Business-type activities:	
Mary Greeley Medical Center	\$ 11,932,233
Electric utility	2,817,152
Sewer utility	1,957,793
Water utility	1,131,245
Storm sewer utility	10,535
Parking lot	12,882
Resource Recovery	380,404
Transit	1,020,424
Ames/ISU Ice Arena	62,585
Homewood golf course	<u>8,064</u>
Total depreciation expense business-type activities	<u>\$ 19,333,317</u>

The City had active construction projects at June 30, 2009. The commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Street projects	\$ 1,530,531	\$ 407,339
City Hall doors	137,902	72,968
Airport	5,664	2,380,927
Aquatic Center project	7,411,937	1,624,282
TIF project	73,878	661,093
So. Dayton improvements	1,227,844	744,396
Storm sewer projects	362,934	310,155
Resource Recovery project	891,476	257,605
Transit projects	18,123	405,447
Water projects	3,331,002	536,624
Electric projects	2,378,590	1,775,587
Total	<u>\$ 17,369,881</u>	<u>\$ 9,176,423</u>

## C. Interfund Receivables, Payables, and Transfers

Individual interfund balances at June 30, 2009 were as follows:

		Due From								
		General fund	Debt Service	Capital Projects	Electric fund	Sewer fund	Water fund	Nonmajor special revenue	Nonmajor enterprise	Internal Service
Total										
Due To:										
Major Funds:										
General fund	\$ 1,144,252			\$ 274,453	\$ 137,382	\$ 35,494	\$ 42,562	\$ 584,199	\$ 54,955	\$ 15,207
Capital projects	247,921			10,052				237,869		
Electric fund	98,843	\$ 1,903		653		38,532	42,501	13,675		1,579
Sewer fund	35,478				19,239		16,035	93		111
Water fund	63,251		\$ 21,951	343	24,515	15,983		126		333
Nonmajor Funds:										
Nonmajor special revenue	164,571	227		78,511		6,536	6,536	46,920	25,286	555
Nonmajor enterprise	94,851	15,061		169	32,913			46,093		615
Internal service	314,920	111,474		952	49,904	16,947	16,065	85,579	28,920	5,079
Permanent fund	3,489	3,489								
Totals	\$ 2,167,576	\$ 132,154	\$ 21,951	\$ 365,133	\$ 263,953	\$ 113,492	\$ 123,699	\$ 1,014,554	\$ 109,161	\$ 23,479

These balances arise for a variety of reasons, the majority of which are from sales of goods and services and unpaid reimbursable expenses.

Interfund transfers are authorized in the City budget and usually involve transfers from the fund receiving the revenue to the fund through which the authorized expenditure is to be made. An example is the receipt of road use tax funds into the special revenue Road Use Tax Fund and transfer to the Capital Projects Fund where the funds will be spent. Another example is the State requirement that hotel/motel tax funds be receipted into the General Fund where they are then transferred to the special revenue Hotel/Motel Tax Fund for expenditure.

The following is a schedule of interfund transfers by fund type for the year ended June 30, 2009:

	Total	Transfers From					
		General fund	Capital projects	Sewer fund	Water fund	Electric fund	Nonmajor special revenue
<b>Transfer To:</b>							
<b>Major Funds:</b>							
General fund	\$ 6,682,835					\$ 1,688,368	\$ 4,994,467
Debt service	354,116		\$ 287,714				66,402
Capital projects	44,487	\$ 44,487					
<b>Nonmajor Funds:</b>							
Nonmajor special revenue funds	331,926		78,511				253,415
Nonmajor enterprise funds	1,382,223	1,316,223					66,000
Internal service funds	1,683			\$ 561	\$ 561		561
<b>Totals</b>	<b>\$ 8,797,270</b>	<b>\$ 1,360,710</b>	<b>\$ 366,225</b>	<b>\$ 561</b>	<b>\$ 561</b>	<b>\$ 1,688,368</b>	<b>\$ 5,380,845</b>

#### **D. Leases and Notes Payable**

The City had various leases with third parties for equipment and rental agreements. During the year ended June 30, 2009, \$723,730 was paid. Future minimum payment requirements are as follows:

<b>Year ending June 30,</b>	
2010	\$ 14,490
2011	14,490
2012	<u>12,075</u>
	<u>\$ 41,055</u>

#### **E. Long-Term Debt**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City to their repayment. They have been issued for both governmental and business-type activities. These bonds are to be fully paid within 10 to 20 years of the date of issue. The City has also issued revenue bonds where the City pledges income derived from certain assets or programs to pay the debt service on these bonds.

Debt service on general obligation bonds is paid from the debt service fund. Revenue bond debt service is paid by the responsible enterprise fund. For the year ended June 30, 2009, Mary Greeley Medical Center paid \$2,085,413 in principal and interest on revenue bonds.

Typically long-term liabilities of the governmental funds, other than debt, are liquidated by the General Fund.

On September 23, 2008, the City issued \$8,355,000 of general obligation corporate purpose bonds dated October 15, 2008. The proceeds are to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City, water fund projects, and construction of an aquatic complex.

The true interest cost on the bonds is 3.782988% and the maturity dates on the bonds range from June 1, 2009 through June 1, 2020. Debt service payments are scheduled semiannually at amounts that range from \$18,156 to \$893,156. The bonds maturing after June 1, 2016 will be subject to call on said date or on any date thereafter at a price of par plus accrued interest to the date of redemption.



Details of bonds payable at June 30, 2009 are as follows:

	Date of Issue	Interest Rates	Amount Originally Issued	Maturity Date	Outstanding June 30, 2009
General obligation bonds:					
Ames Quarry	5/2002	4.00 - 5.13%	3,475,000	6/2021	2,500,000
Corporate purpose 2002B	10/2002	2.25 - 3.60%	5,885,000	6/2014	2,685,000
Resource Recovery GO refunding 2002C	10/2002	2.50 - 3.50%	3,976,194	6/2010	425,000
Corp & Ada Hayden Park	09/2003	1.10 - 3.70%	6,555,000	6/2015	3,270,000
Corp, Fire & Ada Hayden	10/2004	2.75 - 3.25%	6,030,000	6/2014	3,210,000
Corp, Fire & GO refunding	09/2005	3.50 - 3.65%	5,495,000	6/2017	2,670,000
Corporate purpose 2006	10/2006	4.00%	5,285,000	6/2018	4,265,000
Corporate, Pool & Water	11/2007	3.75 - 4.15%	9,630,000	6/2019	8,700,000
Corporate, Pool & Water	10/2008	3.75 - 4/15%	8,355,000	6/2020	7,980,000
GO Refunding	04/2009	2.50 - 3.00%	6,995,000	6/2013	<u>6,995,000</u>
Total general obligation bonds					<u>42,700,000</u> (a)
Revenue bonds:					
Mary Greeley Medical Center:					
2003 Refunding	6/2003	3.00 - 5.00%	29,385,000	6/2022	<u>21,495,000</u>
Total Mary Greeley Medical Center revenue bonds					<u>21,495,000</u>
Total revenue bonds					<u>21,495,000</u> (b)
Total all bonds					<u><u>\$ 64,195,000</u></u>

(a) Excludes unamortized premiums of \$37,996.

(b) Excludes unamortized premiums of \$445,583 and unamortized charges arising from refunding of \$423,717.

As of June 30, 2009, annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30	General Obligation Bonds	
	Principal	Interest
2010	5,983,396	1,423,676
2011	5,731,838	1,218,792
2012	5,425,280	1,036,152
2013	4,933,723	851,109
2014	4,091,776	678,098
2015-2019	12,118,115	1,606,160
2020-2022	1,130,000	65,482
Total requirements	<u>\$ 39,414,128</u>	<u>\$ 6,879,469</u>

Long-term debt amounts above and below are shown without reference to applicable premiums and unamortized costs.

As of June 30, 2009, annual debt service requirements of business-type activities to maturity are as follows:

Year ending June 30	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 646,604	\$ 125,738	1,090,000	993,613	\$ 1,736,604	\$ 1,119,351
2011	228,162	102,553	1,340,000	954,863	1,568,162	1,057,416
2012	234,720	93,996	1,375,000	912,988	1,609,720	1,006,984
2013	241,277	85,195	1,420,000	868,300	1,661,277	953,495
2014	253,224	76,146	1,485,000	797,300	1,738,224	873,446
2015-2019	1,416,885	228,071	8,590,000	2,797,937	10,006,885	3,026,008
2020-2022	265,000	10,997	6,195,000	592,137	6,460,000	603,134
Total requirements	<u>\$ 3,285,872</u>	<u>\$ 722,696</u>	<u>\$ 21,495,000</u>	<u>\$ 7,917,138</u>	<u>\$ 24,780,872</u>	<u>\$ 8,639,834</u>

The following is a summary of long-term liability activity for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 39,854,081	\$ 12,820,000	\$ (13,259,953)	\$ 39,414,128	\$ 5,983,396
Employee benefits	1,744,355	388,305	(333,089)	1,799,571	6,678
Post-employment benefits	1,802	88,294		90,096	
<b>Total Governmental Activities</b>	<u>\$ 41,600,238</u>	<u>\$ 13,296,599</u>	<u>\$ (13,593,042)</u>	<u>\$ 41,303,795</u>	<u>\$ 5,990,074</u>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 22,555,000		\$ (1,060,000)	\$ 21,495,000	\$ 1,090,000
General obligation bonds	1,340,919	\$ 2,530,000	(585,047)	3,285,872	646,604
Employee benefits	10,995,883	10,570,461	(10,387,878)	11,178,466	9,965,598
Post-employment benefits	760,408	974,213		1,734,621	
Notes payable		3,476,840	(279,006)	3,197,834	705,555
Landfill postclosure costs	538,626		(13,059)	525,567	14,062
<b>Total Business-Type Activities</b>	<u>\$ 36,190,836</u>	<u>\$ 17,551,514</u>	<u>\$ (12,324,990)</u>	<u>\$ 41,417,360</u>	<u>\$ 12,421,819</u>

The City had five outstanding contracts between the Iowa Department of Economic Development (IDED) and city business entities for Community Economic Betterment Account (CEBA) loans at June 30, 2009. Although the notes bear the name of the City, the City has no obligation for such debt beyond the resources provided by the business entity upon whose behalf it is issued. Accordingly, the loans are not reported as a liability in the accompanying financial statements.

On April 27, 2009 the City issued \$6,995,000 of general obligation refunding bonds at a premium of \$210,985 for the purpose of refunding series 1998A, 1999, 2000, 2001A, and 2001B general obligation bonds in the amount of \$7,150,000. The refunding bonds were issued to reduce future debt service payments. As a result of this refunding, the City reduced its debt service requirements by \$457,554 for a present value savings of \$442,533.

The City entered into an agreement with the Iowa Department of Natural Resources for a Solid Waste Alternatives Program (SWAP) loan on April 23, 2008 in the amount of \$825,000 to fund a non-ferrous metal recovery system at the Resource Recovery Plant. The loan is repayable biannually beginning on October 15, 2009 at 3% interest. The final loan payment will be July 15, 2015.

At June 30, 2009 the City had drawn loan proceeds of \$32,673. Additional loan amounts were received in July, August, and October to the full amount borrowed of \$825,000. The first payment was made on October 15, 2009.

#### **F. Restricted Net Assets**

The amounts of net assets restricted for payment of debt service in the enterprise funds are as follows:

Mary Greeley Medical Center	<u>\$ 1,559,234</u>
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#### **4. OTHER INFORMATION**

##### **A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a risk management fund (an internal service fund) to account for and finance its uninsured risks of loss. The risk management fund provides workers' compensation coverage for all City employees and funds the deductible for general liability insurance. Commercial insurance is purchased for all other risks of loss.

All funds of the City participate in the workers' compensation insurance program and make payments to the risk management fund based on a charge against employee payroll per \$100. The charge is calculated using the Iowa manual compensation rates and an experience rating. The risk management fund pays all workers' compensation claims, claim reserves, the deductible for general liability insurance and administrative costs from its revenues and holds excess revenues for reserve against future claims.

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 662 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2009 were \$414,463.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also retained. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009,

settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with property (buildings and contents) and boiler and machinery coverage. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Changes in the balance of claims liabilities during the years ended June 30, 2009 and 2008 were as follows:

	2009	2008
Balance at July 1	\$ 476,635	\$ 220,994
Current year claims and changes in estimates	1,423,906	730,180
Claim payments	<u>(1,314,308)</u>	<u>(474,539)</u>
Balance at June 30	<u>\$ 586,233</u>	<u>\$ 476,635</u>

The City maintains a separate internal service fund to account for health benefits, becoming self-insured for medical claims effective July 1, 2000. The City carries excess health insurance through the risk pool of Blue Cross/Blue Shield of Iowa in the amount of \$125,000 for specific claims each year and 125% of aggregate claims. The estimated liability for probable losses as recorded in the health benefits fund was:

	2009	2008
Balance at July 1	\$ 450,000	\$ 450,000
Current year claims and changes in estimates	4,742,085	4,490,361
Claim payments	<u>(4,662,216)</u>	<u>(4,490,361)</u>
Balance at June 30	<u>\$ 529,869</u>	<u>\$ 450,000</u>

The Mary Greeley Medical Center carries professional liability insurance on a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Mary Greeley has accrued \$268,092 for professional liability claims that are incurred but not reported as of June 30, 2009.

The Medical Center is self-insured for health care coverage of employees and carries stop-loss insurance coverage for claims in excess of \$175,000 with a maximum aggregate limit of \$1,000,000. Accrued costs related to health care coverage amounted to \$1,495,181 at June 30, 2009.

As of April 1, 2007 Mary Greeley Medical Center became self-insured for workers' compensation coverage. Stop-loss insurance for claims in excess of \$300,000 per individual claim with a maximum aggregated limit of \$1,000,000 is carried by the medical center.

Changes in the balance of accrued claims for professional liabilities, health care coverage, and workers' compensation coverage for the years ended June 30, 2009 and 2008 for Mary Greeley Medical Center were as follows:

	Professional Liabilities		Health Care		Workers' Compensation	
	2009	2008	2009	2008	2009	2008
Balance at July 1	\$ 262,085	\$ 253,372	\$ 712,173	\$ 803,300	\$ 92,974	\$ 25,642
Current year claims and changes in estimates	21,153	33,608	11,351,849	7,575,009	660,913	211,561
Claim payments	(15,146)	(24,895)	(10,568,841)	(7,666,136)	(499,336)	(144,229)
Balance at June 30	<u>\$ 268,092</u>	<u>\$ 282,085</u>	<u>\$ 1,495,181</u>	<u>\$ 712,173</u>	<u>\$ 254,551</u>	<u>\$ 92,974</u>

## B. Subsequent Events

On September 22, 2009, the City issued \$11,165,000 of general obligation corporate purpose bonds dated October 29, 2009. Proceeds to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City total \$10,013,000; and \$1,152,000 for a planned TIF project to be repaid by the earned tax increment.

The true interest cost on the bonds is 2.5905% and the maturity dates on the bonds range from June 1, 2010 through June 1, 2021. Debt service payments are scheduled semiannually at amounts that range from \$19,775 to \$1,149,775. The bonds maturing in the year June 1, 2018 and thereafter are subject to prior redemption on June 1, 2017 and any date thereafter at a price of par plus accrued interest to the date of redemption.

On October 22, 2009, the City issued a notice of default on the economic development loans of BioForce Nanosciences. At June 30, 2009 BioForce Nanosciences owed \$22,298 on a \$50,000 loan and \$11,149 on a \$25,000 loan. The notice of default also included a demand for penalty provisions related to employment requirements totaling \$15,000 for each loan.

## C. Contingent Liabilities

The City legal department reported to management that, as of June 30, 2009, claims and lawsuits were on file against the City. The City legal department estimates that the potential claims not covered by insurance resulting from these cases would not materially affect the

financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover cases which result in an uninsured judgment.

The City participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues of patient services. Management of the Mary Greeley Medical Center believes that the Mary Greeley Medical Center is in substantial compliance with current laws and regulations.

The Mary Greeley Medical Center is involved in litigation and regulatory audits arising in the normal course of business. It is management's opinion that these matters will be resolved without material adverse effect on the Mary Greeley Medical Center's financial position or results of activities.

#### **D. Landfill Postclosure Care Costs**

The City stopped accepting solid waste at the landfill effective June 30, 1992 and has been in the process of closing the landfill since that time.

Federal and State of Iowa laws and regulations establish landfill closure and postclosure care requirements. The State of Iowa specifies financial assurance requirements in Code Section 567-Chapter 111. The Iowa code enumerated various allowable financial assurance mechanisms to meet the costs of closure and postclosure care. The City satisfies this requirement with its rating on its most recent bond issues.

The liability for postclosure care costs is based on 100% of the landfill capacity used to date with no remaining life. The estimated liability for postclosure care costs was adjusted in 2006 to a new estimate of future costs using current inflation figures and has a balance of \$525,567 at June 30, 2009.

The City's written landfill postclosure plan includes estimates of costs of all equipment and services required to monitor and maintain the closed landfill. It anticipates that future costs will be subject to inflation and there may be additional requirements added over time. Unanticipated future inflation costs and costs that might arise from changes in postclosure requirements may require adjustment of the liability in future years.

#### **E. Net Patient Service Revenue**

As a provider of health care services, Mary Greeley Medical Center has agreements with third-party payors that provide for payment of services at amounts different from established rates. The basis for payment varies by payor and includes prospectively determined rates per discharge, discounts from established charges, and retroactively determined cost-based rates. Approximately 95 percent of gross patient charges determined at established rates for the year ended June 30, 2009 resulted from patients covered by these third-party reimbursement programs. Significant changes have been made and may be made in certain of these programs which could have a material adverse impact on the financial condition of the Medical Center in future years.

The following summarizes the differences between gross patient service revenue determined at established rates and net patient service revenue:

	<b>2009</b>
Gross patient service revenue, at established rates	\$ 337,118,178
Deductions:	
Medicare program	(109,109,439)
Medicaid program	(12,229,888)
Blue Cross	(48,550,802)
Other payors	(14,347,571)
Bad debt expense	(5,746,776)
Net patient service revenue	<u>\$ 147,133,702</u>

## **F. Pension and Retirement Systems**

The City of Ames is a participating employer in two multiple-employer, cost-sharing public employees retirement systems; Iowa Public Employees Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). These plans are administered by outside trustees and are not included in the City's financial statements.

### **Summary of Significant Accounting Policies**

#### **Iowa Public Employees Retirement System**

**Plan Description and Provisions** – The City is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a multiple-employer, cost sharing public employees' retirement system designed as a supplement to Social Security.

All employees earning in excess of \$300 per quarter who do not participate in any other public retirement system in the State are eligible and must participate in IPERS. The pension plan provides retirement and death benefits which are established by State statute.

**Funding Information** – The Plan is administered by the State of Iowa and the City's responsibility is limited to payment of contributions. During the year ended June 30, 2009, State statute required contributions of 4.1 percent by the employee and 6.35 percent by the employer. Contributions increased to 4.3% for employees and 6.65% for employers effective



July 1, 2009. Additional combined increases of .50% per year will occur through July 1, 2010 when the required contribution rates will be 4.5% for employees and 6.95% for employers.

Historical trend information showing IPERS' progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. This report is available from IPERS, P. O. Box 9117, Des Moines, Iowa 50306. IPERS does not invest in obligations of the State of Iowa or its political subdivisions.

#### **Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Amount Required</b>	<b>Percentage Contributed</b>
2007	\$3,680,401	100%
2008	4,137,527	100%
2009	4,807,938	100%

#### **Municipal Fire and Police Retirement System of Iowa**

**Plan Description and Provisions** – The Municipal Fire and Police Retirement System of Iowa (MFPRSI) was created under Chapter 411.35 of the Code of Iowa to replace the separate fire and police retirement systems of 49 cities in Iowa, including the City's separate fire and police retirement systems. MFPRSI is the administrator of a multiple-employer, cost-sharing, defined benefit pension plan for the exclusive benefit of eligible employees (all full-time firefighters and all sworn officers of the police department) of participating cities. It is governed by a nine-member board of trustees, eight of whom are appointed by member associations and the Iowa League of Cities. These members in turn appoint a citizen member. There are also four members of the Iowa Legislature who serve in an ex-officio capacity. The City's responsibility is limited to payments of contributions.

**Funding Information** – Member contribution rates are established by State statute. For the fiscal year ended June 30, 2009, members contributed 9.35 percent of earnable compensation. Effective July 1, 2009 the member rate increased to 9.40%. The employer's contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by one percent of the actuarially determined present value of the prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the State may further reduce the employer's contribution rate. Due to recent State budget reductions, the State is not anticipating any contributions to the system. However, the employer's contribution rate cannot be less than 17 percent of earnable compensation. Benefits include disability and death benefits. Effective July 1, 2009 the City mandated minimum contribution decreased to 17.00% from 18.75%. A scheduled increase will occur on July 1, 2010 to 19.90%.

For the year ended June 30, 2009, the City's contribution was 18.75 percent of the earnable compensation of each member.

#### **Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Amount Required</b>	<b>Percentage Contributed</b>
2007	\$1,467,354	100%
2008	1,412,973	100%
2009	1,095,325	100%

Historical trend information showing MFPRSI progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. This report is available from Municipal Fire and Police Retirement System of Iowa, 2836 104<sup>th</sup> Street, Des Moines, Iowa 50322. MFPRSI does not invest in obligations of the State of Iowa or its political subdivisions.

### **City of Ames Municipal Utility Retirement Plan**

The City of Ames Municipal Utility Retirement Plan was adopted September 30, 1997 by resolution of the City Council. It is a sole-employer, defined contribution plan intended to qualify under Sections 401(a), 414(h), and 501(a) of the United States Internal Revenue Code of 1986, as amended. The plan is authorized by City ordinance and can be amended by the plan administrator through a resolution of the City Council.

Members of the plan are employees of the City who regularly receive, or are expected to regularly receive, more than 10% of their compensation from a utility fund of the City, except persons employed to work at the A.O. Chantland Resource Recovery Plant. There were 140 active and fully vested participants, 6 terminated participants, and 5 retired participants in the plan at June 30, 2009.

The purpose of the plan is to provide retirement benefits for participants through self-directed individual accounts which are fully and immediately vested and nonforfeitable at all times.

Participants (or their beneficiaries in the event of the participant's death) are entitled to receive a benefit equal to their vested account at retirement, death or termination of employment.

Participants are required to contribute 5.4% of their compensation and the employer is required to contribute 7.93% of the employees' compensation. An eligible employee may make voluntary (unmatched) contributions under the plan for any plan year in any amount up to 10% of the employee's compensation for such year.

The plan uses the accrual basis of accounting and presents plan assets at their fair value. The fair value of the plan's assets at June 30, 2009 was \$20,260,432. Employee contributions to the plan for the fiscal year ended June 30, 2009 totaled \$451,094 and employer contributions were \$662,440.

### **G. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Effective July 1, 1998, the deferred compensation is held in trust for the exclusive benefit of participants (or their beneficiaries in the event of the participant's death) until termination, retirement, death, or an unforeseeable emergency. The City provides neither administrative service to the plan nor investment advice for the plan.

## **H. Related-Party Transactions**

Effective February 12, 2003, the Medical Center entered into a joint venture with McFarland Clinic, P.C. to form a joint venture company, Health Ventures of Central Iowa, LLC (the "joint venture"). The Medical Center uses the equity method of accounting for joint ventures in which it has the ability to exercise significant influence over operating and financial policies of the investee. The Medical Center owns 50% of the joint venture. Financial statements of the joint venture are available at Mary Greeley Medical Center.

In June 2009, the Medical Center's Board of Trustees approved the guarantee of certain debt on behalf of the Joint Venture. The Medical Center's guaranteed portion of the Joint Venture's debt is \$750,000. The Medical Center can be required to perform on the guarantee only in the event of nonpayment of the debt by the Joint Venture. Management evaluates the Medical Center's exposure to loss at each balance sheet date and provides accruals for such as deemed necessary. No accrual was deemed necessary as of June 30, 2009.

As of October 1, 2009, the Medical Center acquired the catheterization lab operations and equipment from the Joint Venture for a purchase price of approximately \$4 million. The acquisition was financed with a note payable due to the Joint Venture over five years with interest of 5%, less a cash payment of \$800,000.

## **I. Other Postemployment Benefits**

### **Plan Descriptions and Funding Policy**

The City and MGMC (the Medical Center) sponsor single-employer health care plans that provide self-insured medical and prescription drug coverage to all active and retired employees and their eligible dependents. The Medical Center also provides a life insurance benefit to retired employees. Employees must be a minimum of 55 years old, have been employed for the preceding four years, and currently be enrolled in a sponsored health insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the same plans that are available for active employees. The Medical Center also provides a flat \$2,500 life insurance benefit to eligible retired employees.

Contributions are required for both retiree and dependent coverage. The retiree contributions are based on and equal to the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

### **Funding Policy**

The City and MGMC, with assistance from their third-party administrators, establish and amend contribution requirements for both active and retiree members on an annual basis. The current funding policy is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on pay-as-you-go financing. For fiscal years ending June 30, 2009 and 2008, the City contributed \$17,728 and \$130,975, respectively. Retirees receiving benefits contributed \$248,843 and \$257,994, respectively, through their required contributions. The Medical Center contributed approximately \$49,000 and \$157,000, respectively. Retirees receiving benefits contributed approximately \$116,000 and \$98,000, respectively, through their required contributions.

### **Annual OPEB Cost and Net OPEB Obligation**

The City's and MGMC's annual other postemployment benefit (OPEB) cost (expense) is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Fiscal year 2008 is the year of implementation for GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the annual OPEB cost for the years ended June 30, 2009 and 2008, the amount actually contributed to the plans, and changes in the net OPEB obligation.

	<b>City of Ames</b>	<b>MGMC</b>	<b>Total</b>
Annual required contribution	\$ 175,000	\$ 916,000	\$ 1,091,000
Interest on net OPEB obligation		37,950	\$ 37,950
Adjustment to annual required contribution			
Annual OPEB cost/expense	175,000	953,950	1,128,950
Contributions and payments made	17,728	48,715	66,443
Increase in net OPEB obligation	157,272	905,235	1,062,507
Net OPEB obligation, July 1, 2008	3,210	759,000	762,210
Net OPEB obligation, June 30, 2009	<u>\$ 160,482</u>	<u>\$ 1,664,235</u>	<u>\$ 1,824,717</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 & 2008:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	1,128,950	5.9%	1,824,717
June 30, 2008	1,050,185	27.4%	762,210

### **Funded Status and Funding Progress**

As of July 1, 2008 and July 1, 2007, the most recent actuarial valuation dates, the actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) for benefits was

\$8,521,000 The City's and MGMC's plans are considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plans are unfunded, the AAL and UAAL are equal. The covered payrolls (fiscal year payroll of active employees covered by the plans) were \$79,893,723, and the ratio of the UAAL to the covered payrolls was 10.67%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress is required to be presented as supplementary information following the notes to the financial statements.

### **Actuarial methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5% of investment rate of return and an annual healthcare cost trend rate of 11% initially, decreasing 1.0 percent per year until reaching an ultimate rate of 5 percent.

In the July 1, 2007 actuarial valuation for MGMC, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% of investment rate of return and an annual healthcare cost trend rate of 11% initially, decreasing .5 percent per year until reaching an ultimate rate of 6 percent.

The amortization of the UAAL is being amortized as a level percentage of projected payrolls over a thirty year time period.

### **J. Donor-restricted Endowments**

Earnings from the investment of the Furman Aquatic Center endowment of \$55,485 at June 30, 2009 are shown as reserved for donor restricted purposes in net assets. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment.

### **K. Governmental Accounting Standards Board Statements and Pronouncements**

The City implemented the following GASB statements during the fiscal year:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*: This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City is required to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued. The City determined no accrual was necessary as of June 30, 2009.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*: This statement establishes consistent standards for the reporting of land and other real estate held as investments. The City was not affected by the implementation of this standard.

As of June 30, 2009, the GASB has issued the following statements not yet implemented by the City:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending June 30, 2010. This statement provides guidance regarding how to identify, account for, and report intangible assets.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending June 30, 2010. This statement will improve how state and local governments report information about derivative instruments in their financial statements. The statement requires governments to measure most derivative instruments at fair value in their financial statements prepared using the accrual basis of accounting.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the City beginning with its year ending June 30, 2011. This statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports.

The City has not yet determined the effect these statements will have on the City's financial statements.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF AMES, IOWA**

**OTHER POSTEMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

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Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over- funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7/1/2008 & 2007	\$	\$ 8,521,000	\$ 8,521,000	0.00%	\$ 79,893,723	10.67%
2008	7/1/2008 & 2007		7,995,306	7,995,306	0.00%	80,041,111	9.99%

Fiscal year 2008 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuations as of July 1, 2008 and July 1, 2007 for MGMC.

The cost method used to determine the ARC is the projected unit credit actuarial cost method.

There are no plan assets.

Economic assumptions are as follows: health care cost trend rates of 5-11%; discount rates of 4.5% & 5%.

The amortization method is open period, level dollar.



## CITY OF AMES, IOWA

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Final to Actual Variance
Revenues & other financing sources:						
Taxes levied on property	\$ 21,329,705		\$ 21,329,705	\$ 21,407,254	\$ 21,407,254	\$ (77,549)
Delinquent property taxes	224		224	-	-	224
Other City taxes	8,170,784		8,170,784	7,314,374	8,138,912	31,872
Licenses & permits	1,071,936	\$ 15,188	1,087,124	1,260,643	1,155,158	(68,034)
Use of money and property	1,689,517	(7,702,836)	(6,013,319)	8,170,281	10,057,991	(18,071,310)
Intergovernmental	7,894,824	6,773,899	14,668,723	17,532,278	24,457,945	(9,789,222)
Charges for services	3,295,991	223,620,085	226,916,076	224,187,090	227,806,692	(890,616)
Special assessments	154,043	-	154,043	280,000	280,000	(125,957)
Miscellaneous	1,230,278	1,049,316	2,279,594	1,322,514	1,271,161	1,008,433
Other financing sources	25,042,637	2,458,617	27,501,254	35,836,952	27,288,721	212,533
Total revenues and other sources	<u>69,879,939</u>	<u>226,214,269</u>	<u>296,094,208</u>	<u>317,311,386</u>	<u>321,863,834</u>	<u>(25,769,626)</u>
Expenditures & other financing uses:						
Public safety	12,951,987		12,951,987	13,220,090	13,194,603	242,616
Public works	5,123,108		5,123,108	4,803,325	5,470,354	347,246
Health and social services	1,159,480		1,159,480	1,109,878	1,189,216	29,736
Culture and recreation	6,621,409		6,621,409	6,428,590	6,684,394	62,985
Community and economic development	4,042,987		4,042,987	3,531,989	5,168,885	1,125,898
General government	2,448,358		2,448,358	2,339,271	2,660,112	211,754
Debt service	15,648,949		15,648,949	9,318,467	15,654,901	5,952
Capital projects	17,799,756		17,799,756	20,086,156	33,098,535	15,298,779
Total government activities expenditures	<u>65,796,034</u>		<u>65,796,034</u>	<u>60,837,766</u>	<u>83,121,000</u>	<u>17,324,966</u>
Business type/enterprises		210,076,280	210,076,280	240,644,298	238,622,992	28,546,712
Total government activities & business expenditures	<u>65,796,034</u>	<u>210,076,280</u>	<u>275,872,314</u>	<u>301,482,064</u>	<u>321,743,992</u>	<u>45,871,678</u>
Transfers out	9,007,064	3,018,650	12,025,714	12,115,379	11,718,376	(307,338)
Total expenditures/transfers out	<u>74,803,098</u>	<u>213,094,930</u>	<u>287,898,028</u>	<u>313,597,443</u>	<u>333,462,368</u>	<u>45,564,340</u>
Excess revenues & other sources over (under) expenditures/transfers out	(4,923,159)	13,119,339	8,196,180	3,713,943	(11,598,534)	19,794,714
Beginning fund balance July 1	<u>37,409,347</u>	<u>321,692,137</u>	<u>359,101,484</u>	<u>359,101,484</u>	<u>359,101,484</u>	
Ending fund balance June 30	<u>\$ 32,486,188</u>	<u>\$ 334,811,476</u>	<u>\$ 367,297,664</u>	<u>\$ 362,815,427</u>	<u>\$ 347,502,950</u>	<u>\$ 19,794,714</u>

The notes to the required supplementary information are an integral part of this statement.

## CITY OF AMES, IOWA

BUDGET TO GAAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues & other financing sources	\$ 69,879,939	\$ (4,858,594)	\$ 65,021,345	\$ 226,214,269	\$ (798,217)	\$ 225,416,052
Expenditures & other financing uses	<u>74,803,098</u>	<u>(5,356,077)</u>	<u>69,447,021</u>	<u>213,094,930</u>	<u>9,246,274</u>	<u>222,341,204</u>
Excess revenues & other sources over (under) expenditures & other uses	(4,923,159)	497,483	(4,425,676)	13,119,339	(10,044,491)	3,074,848
Beginning fund balances	<u>37,409,347</u>	<u>(3,853,277)</u>	<u>33,556,070</u>	<u>321,692,137</u>	<u>48,251,050</u>	<u>369,943,187</u>
Ending fund balances	<u>\$ 32,486,188</u>	<u>\$ (3,355,794)</u>	<u>\$ 29,130,394</u>	<u>\$ 334,811,476</u>	<u>\$ 38,206,559</u>	<u>\$ 373,018,035</u>

The notes to the required supplementary information are an integral part of this statement.

## **CITY OF AMES, IOWA**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2009**

#### **1. Budgetary Reporting**

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget basis and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function expenditures required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund.

The City's transfers out exceeded the final budgeted amount by \$307,338. More GSB and transit capital funds were transferred to the transit fund than anticipated as were more State library funds transferred to the general fund for library expenditures than budgeted. Additional hotel/motel taxes above the amount budgeted as revenue were received increasing the transfers out of the hotel/motel fund to other funds per the Council resolution detailing the division of hotel/motel taxes.

During the year, two budget amendments increased budgeted expenditures by \$20,261,928. These budget amendments are reflected in the final budgeted amounts.

**SUPPLEMENTARY  
INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that have various purpose restrictions or designations or are segregated for particular expenditure reasons.

**Local Option Tax Fund** - This fund is used to account for the funds generated by the voter approved 1% local option sales tax; 60% is used for property tax relief and 40% for community betterment.

**Hotel/Motel Tax Fund** - This fund is used to account for the funds generated through the imposition of a hotel/motel tax. Proceeds are used for community betterment and economic development.

**Leased Housing Fund and Housing Assistance Fund** - These funds are used to account for the operations of a federal low-income housing project and other grant funded housing assistance programs.

**Road Use Tax Fund** - This fund is used to account for the City's share of state gasoline taxes received on a per capita basis. State law requires use for any purpose relating to the construction or maintenance of public streets.

**Bike Licenses** - This fund is used to account for funds generated by the sale of bike licenses.

**Police Forfeiture & Grants** - This fund is used to account for funds generated from the forfeiture of property as a result of criminal activities and government grants received for law enforcement related costs.

**TIF Fund** - This fund is used to account for tax increment financing revenues on abated debt.

**Employee Benefit Property Tax Fund** - This fund is used to account for tax revenues used to pay the City's share of selected employee benefits.

**Police & Fire 411** - This fund is used to account for the funds remaining from the transfer to the state-wide MFPRSI. They can only be used to offset future City contributions to the retirement system.

**Parks & Recreation Programs** - This fund is used to account for revenues used for specific park and recreation programs and improvements.

**CDBG** - This fund is used to account for funds received from HUD to be used according to our Community Development Block Grant program.

**Donation Funds** - These funds are used to account for various donations received by the City to be used for specific purposes and activities including Project Share.

**Developers' Projects** - These funds are used to account for funds received from developers to be used for City infrastructure.

**Economic Development & Loans** - This fund is used to account for funds from block grants and funds to be loaned to businesses to increase development in the City.

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only the earnings, not the principal, may be used for purposes that support the City's programs.

**Perpetual Care Fund** - This fund is used to account for principal amounts received for perpetual care. The interest on these funds is recorded in the general fund for use to maintain the cemeteries.

**Furman Aquatic Center Endowment** - This fund is used for a \$1,000,000 donation to cover future operating expenses of the aquatic center.

# CITY OF AMES, IOWA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

JUNE 30, 2009

		Permanent Funds		Total
	Special			Nonmajor
	Revenue	Perpetual	Furman Aquatic	Governmental
ASSETS	Funds	Care	Center Endowment	Funds
Cash and pooled cash investments	\$ 14,302,139	\$ 855,981	\$ 1,050,351	\$ 16,208,471
Taxes receivable	11,733			11,733
Accounts receivable	34,159	3,515		37,674
Accrued interest receivable	33,710		5,134	38,844
Intergovernmental receivables	1,650,835			1,650,835
Loans receivable	67,462			67,462
Due from other funds	164,571	3,489		168,060
Inventories	88,925			88,925
Houses held for resale	417,934			417,934
Prepaid items	2,796			2,796
Succeeding year taxes receivable	956,599			956,599
Long-term loans receivable	184,364			184,364
Total assets	\$ 17,915,227	\$ 862,985	\$ 1,055,485	\$ 19,833,697

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ 409,938			\$ 409,938
Retainage payable	504,561			504,561
Interest payable	38			38
Due to other governments	60,996			60,996
Compensation and payroll taxes	55,410			55,410
Due to other funds	1,014,554			1,014,554
Deferred revenue	300,262			300,262
Succeeding year unearned revenue	956,599			956,599
Customer deposits	79,694			79,694
Total liabilities	3,382,052			3,382,052
Fund balances:				
Reserved for:				
Encumbrances	1,083,276			1,083,276
Perpetual care		\$ 862,985		862,985
Furman Aquatic Center endowment			\$ 1,000,000	1,000,000
Inventories	88,925			88,925
Houses held for resale	417,934			417,934
Long-term loans receivable	184,364			184,364
Prepaid items	2,796			2,796
State and grant restricted purpose	1,931,475			1,931,475
Donor restricted purposes	448,106		55,485	503,591
Unreserved:				
Unreserved, designated for subsequent year's expenditures	800,114			800,114
Unreserved, reported in nonmajor special revenue funds	9,576,185			9,576,185
Total fund balances	14,533,175	862,985	1,055,485	16,451,645
Total liabilities and fund balances	\$ 17,915,227	\$ 862,985	\$ 1,055,485	\$ 19,833,697

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
		Perpetual Care	Furman Aquatic Center Endowment	
Revenues:				
Taxes	\$ 957,708			\$ 957,708
Intergovernmental	14,279,294			14,279,294
Charges for services	75,453	\$ 17,079		92,532
Donations	155,408			155,408
Investment earnings	232,660		\$ 32,383	265,043
Miscellaneous	5,886			5,886
Total revenues	15,706,409	17,079	32,383	15,755,871
Expenditures:				
Current:				
Public safety	76,976			76,976
Public works	3,851,339			3,851,339
Health and social services	1,011,576			1,011,576
Culture and recreation	376,310			376,310
Community and economic development	3,191,852			3,191,852
General government	86,732			86,732
Capital projects	4,459,535			4,459,535
Total expenditures	13,054,320			13,054,320
Excess (deficiency) of revenues over (under) expenditures	2,652,089	17,079	32,383	2,701,551
Other financing sources (uses):				
Transfers in	331,926			331,926
Transfers out	(5,380,845)			(5,380,845)
Total other financing sources (uses)	(5,048,919)			(5,048,919)
Net change in fund balance	(2,396,830)	17,079	32,383	(2,347,368)
Fund balances at beginning of year	16,930,005	845,906	1,023,102	18,799,013
Fund balances at end of year	\$ 14,533,175	\$ 862,985	\$ 1,055,485	\$ 16,451,645

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses
<b>ASSETS</b>					
Cash and pooled cash investments	\$ 3,653,334	\$ 467,643	\$ 340,096	\$ 1,565,279	\$ 18,305
Taxes receivable		300	442		
Accounts receivable					
Accrued interest receivable					
Intergovernmental receivables	945,406	342,996		351,030	
Loans receivable			19	52,242	
Due from other funds				88,925	
Inventories					
Houses held for resale			2,446	350	
Prepaid items					
Succeeding year taxes receivable					
Long-term loans receivable					
Total assets	\$ 4,598,740	\$ 810,939	\$ 343,003	\$ 2,057,826	\$ 18,305
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 191,365	\$ 53,779	\$ 1,337	\$ 120,188	
Retainage payable	29,039	2,605		63,431	
Interest payable			38		
Due to other governments	6,749			6,072	
Compensation and payroll taxes	3,405		2,607	46,941	
Due to other funds	631,518	163	329	78,514	
Deferred revenue		300,262			
Succeeding year unearned revenue					
Customer deposits					
Total liabilities	862,076	356,809	4,311	315,146	
<b>Fund balances:</b>					
Reserved for:					
Encumbrances	344,637	33,605		368,204	
Inventories				88,925	
Houses held for resale					
Long-term loans receivable					
Prepaid items			2,446	350	
State and grant restricted purposes			336,246		
Donor restricted purposes					
Unreserved, designated for subsequent year's expenditures	128,787	12,892		432,912	
Unreserved, reported in nonmajor special revenue funds	3,263,240	407,633		852,289	\$ 18,305
Total fund balances	3,736,664	454,130	338,692	1,742,680	18,305
Total liabilities and fund balances	\$ 4,598,740	\$ 810,939	\$ 343,003	\$ 2,057,826	\$ 18,305



Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
\$ 59,004	\$ 859,206	\$ 43,092	\$ 11,733	\$ 1,580,487	\$ 2,945,580
1,161	6,036				
	3,038	209		7,779	14,282
7,718	22,945				
	166	78,511			
			956,599		
	94,773				
<u>\$ 67,883</u>	<u>\$ 986,164</u>	<u>\$ 121,812</u>	<u>\$ 968,332</u>	<u>\$ 1,588,266</u>	<u>\$ 2,959,862</u>
		\$ 20,052			\$ 15,852
		3,888			405,598
\$ 520					
	\$ 23		\$ 11,733	\$ 1,013	236,189
			956,599		
<u>520</u>	<u>23</u>	<u>23,940</u>	<u>968,332</u>	<u>1,013</u>	<u>657,639</u>
		97,872			36,974
	94,773				
				1,587,253	448,106
	29,609				
<u>67,363</u>	<u>861,759</u>				<u>1,817,143</u>
<u>67,363</u>	<u>986,141</u>	<u>97,872</u>		<u>1,587,253</u>	<u>2,302,223</u>
<u>\$ 67,883</u>	<u>\$ 986,164</u>	<u>\$ 121,812</u>	<u>\$ 968,332</u>	<u>\$ 1,588,266</u>	<u>\$ 2,959,862</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

<b>ASSETS</b>	<b>Library Donations</b>	<b>Project Share</b>	<b>Police &amp; Fire Donations</b>	<b>CDBG</b>	<b>Animal Shelter Donations</b>
Cash and pooled cash investments	\$ 1,437,872	\$ 7,347	\$ 4,446	\$ 5,981	\$ 143,380
Taxes receivable	12,899	870		1,587	3,660
Accounts receivable					
Accrued interest receivable	7,126				707
Intergovernmental receivables				3,685	
Loans receivable				3,936	
Due from other funds	33,494			139	
Inventories					
Houses held for resale				417,934	
Prepaid items					
Succeeding year taxes receivable					
Long-term loans receivable				36,997	
<b>Total assets</b>	<b>\$ 1,491,391</b>	<b>\$ 8,217</b>	<b>\$ 4,446</b>	<b>\$ 470,259</b>	<b>\$ 147,747</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,827			\$ 2,291	\$ 215
Retainage payable					
Interest payable					
Due to other governments	20,196				
Compensation and payroll taxes	2,375			82	
Due to other funds	33,482	\$ 241	\$ 4,194	151	
Deferred revenue					
Succeeding year unearned revenue					
Customer deposits				257	
<b>Total liabilities</b>	<b>58,880</b>	<b>241</b>	<b>4,194</b>	<b>2,781</b>	<b>215</b>
<b>Fund balances:</b>					
Reserved for:					
Encumbrances	198,574			3,410	
Inventories					
Houses held for resale				417,934	
Long-term loans receivable				36,997	
Prepaid items					
State statute restricted purposes		7,976			
Donor restricted purposes					
Unreserved, designated for subsequent year's expenditures	187,890			8,024	
Unreserved, reported in nonmajor special revenue funds	1,046,047		252	1,113	147,532
<b>Total fund balances</b>	<b>1,432,511</b>	<b>7,976</b>	<b>252</b>	<b>467,478</b>	<b>147,532</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,491,391</b>	<b>\$ 8,217</b>	<b>\$ 4,446</b>	<b>\$ 470,259</b>	<b>\$ 147,747</b>

Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
\$ 5,395	\$ 336,521	\$ 749,411	\$ 79,760	\$ 14,302,139
				11,733
		7,204		34,159
26	543			33,710
		40,581		1,650,835
				67,462
				164,571
				88,925
				417,934
				2,796
				956,599
		52,594		184,364
<u>\$ 5,421</u>	<u>\$ 337,064</u>	<u>\$ 849,790</u>	<u>\$ 79,760</u>	<u>\$ 17,915,227</u>
		\$ 2,032		\$ 409,938
				504,561
				38
		\$ 27,459		60,996
				55,410
			17,004	1,014,554
				300,262
				956,599
	\$ 79,437			79,694
	<u>79,437</u>	<u>2,032</u>	<u>44,463</u>	<u>3,382,052</u>
				1,083,276
				88,925
				417,934
		52,594		184,364
				2,796
				1,931,475
				448,106
				800,114
\$ 5,421	257,627	795,164	35,297	9,576,185
<u>5,421</u>	<u>257,627</u>	<u>847,758</u>	<u>35,297</u>	<u>14,533,175</u>
<u>\$ 5,421</u>	<u>\$ 337,064</u>	<u>\$ 849,790</u>	<u>\$ 79,760</u>	<u>\$ 17,915,227</u>

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses
Revenues:					
Taxes					
Intergovernmental	\$ 6,314,280	\$ 1,822,205	\$ 1,113,119	\$ 4,204,593	
Charges for services			1,698		
Donations					
Investment earnings			4,237		
Miscellaneous					
Total revenues	<u>6,314,280</u>	<u>1,822,205</u>	<u>1,119,054</u>	<u>4,204,593</u>	
Expenditures:					
Current:					
Public safety					
Public works	130,219			3,547,636	
Health and social services	1,011,576				
Culture and recreation	221,082	26,650			
Community and economic development		1,485,101	1,197,811		
General government		500		74,553	
Capital projects	<u>1,258,007</u>	<u>18,206</u>		<u>1,853,812</u>	
Total expenditures	<u>2,620,884</u>	<u>1,530,457</u>	<u>1,197,811</u>	<u>5,476,001</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>3,693,396</u>	<u>291,748</u>	<u>(78,757)</u>	<u>(1,271,408)</u>	
Other financing sources (uses):					
Transfers in	104,230				
Transfers out	<u>(3,960,205)</u>	<u>(260,575)</u>		<u>(561)</u>	
Total other financing sources (uses)	<u>(3,855,975)</u>	<u>(260,575)</u>		<u>(561)</u>	
Net change in fund balance	(162,579)	31,173	(78,757)	(1,271,969)	
Fund balances at beginning of year	<u>3,899,243</u>	<u>422,957</u>	<u>417,449</u>	<u>3,014,649</u>	\$ 18,305
Fund balances at end of year	<u>\$ 3,736,664</u>	<u>\$ 454,130</u>	<u>\$ 338,692</u>	<u>\$ 1,742,680</u>	<u>\$ 18,305</u>

Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
			\$ 957,708		
\$ 64,063					\$ 3,050
2,222					5,273
	\$ 23,158	\$ 2,735		\$ 49,960	89,732
5,886					
<u>72,171</u>	<u>23,158</u>	<u>2,735</u>	<u>957,708</u>	<u>49,960</u>	<u>98,055</u>
62,237					
	15,314				
		77,856		11,679	1,046,075
<u>62,237</u>	<u>15,314</u>	<u>77,856</u>		<u>11,679</u>	<u>1,046,075</u>
9,934	7,844	(75,121)	957,708	38,281	(948,020)
		78,511			149,185
		(66,402)	(957,708)	(135,394)	
		12,109	(957,708)	(135,394)	149,185
9,934	7,844	(63,012)		(97,113)	(798,835)
<u>57,429</u>	<u>978,297</u>	<u>160,884</u>		<u>1,684,366</u>	<u>3,101,058</u>
\$ <u>67,363</u>	\$ <u>986,141</u>	\$ <u>97,872</u>	\$	\$ <u>1,587,253</u>	\$ <u>2,302,223</u>

(continued)

# CITY OF AMES, IOWA

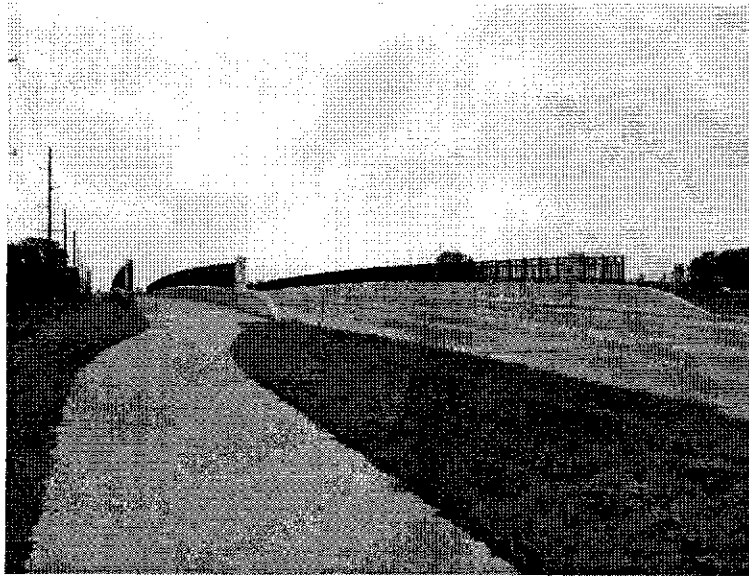
## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Library Donations	Project Share	Police & Fire Donations	CDBG
Revenues:				
Taxes				
Intergovernmental	\$ 55,475		\$ 446	\$ 518,590
Charges for services				68,483
Donations	83,304	\$ 22,820	7,350	
Investment earnings	45,850			2,420
Miscellaneous				
Total revenues	<u>184,629</u>	<u>22,820</u>	<u>7,796</u>	<u>589,493</u>
Expenditures:				
Current:				
Public safety			4,029	
Public works		21,982		
Health and social services				
Culture and recreation	128,578			
Community and economic development				493,626
General government				
Capital projects	<u>130,483</u>		<u>6,566</u>	
Total expenditures	<u>259,061</u>	<u>21,982</u>	<u>10,595</u>	<u>493,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(74,432)</u>	<u>838</u>	<u>(2,799)</u>	<u>95,867</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	(74,432)	838	(2,799)	95,867
Fund balances at beginning of year	<u>1,506,943</u>	<u>7,138</u>	<u>3,051</u>	<u>371,611</u>
Fund balances at end of year	<u>\$ 1,432,511</u>	<u>\$ 7,976</u>	<u>\$ 252</u>	<u>\$ 467,478</u>

Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
				\$ 186,523	\$ 957,708
					14,279,294
					75,453
\$ 36,661					155,408
4,078	\$ 166	\$ 4,786	\$ 5,538		232,660
					5,886
<u>40,739</u>	<u>166</u>	<u>4,786</u>	<u>5,538</u>	<u>186,523</u>	<u>15,706,409</u>
10,710				151,502	76,976
					3,851,339
					1,011,576
					376,310
					3,191,852
					86,732
		68,530			4,459,535
<u>10,710</u>		<u>68,530</u>		<u>151,502</u>	<u>13,054,320</u>
30,029	166	(63,744)	5,538	35,021	2,652,089
					331,926
					(5,380,845)
					(5,048,919)
30,029	166	(63,744)	5,538	35,021	(2,396,830)
117,503	5,255	321,371	842,220	276	16,930,005
<u>\$ 147,532</u>	<u>\$ 5,421</u>	<u>\$ 257,627</u>	<u>\$ 847,758</u>	<u>\$ 35,297</u>	<u>\$ 14,533,175</u>

(concluded)

## SOUTHEAST ENTRYWAY AREA



The traffic flow in the southeast entryway area of the City of Ames was improved with two major projects. South 16<sup>th</sup> Street was paved and a new bridge installed. Additionally, South Dayton Avenue was relocated diagonally between the U.S. Highway 30/South Dayton Avenue interchange and South Dayton Avenue/S. E. 5<sup>th</sup> Street.





## **NONMAJOR ENTERPRISE FUNDS**

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of governmental facilities and services that are supported primarily by user charges. They are also known as business-type activities.

**Storm Sewer Utility Fund** - This fund is used to account for the monthly fees paid by the customers of the Electric Utility for the maintenance of the City's storm sewer system.

**Parking Lot Fund** - This fund is used to account for the operation of the parking meters on streets and in designated lots.

**Resource Recovery Fund** - This fund is used to account for the operation of the City owned resource recovery plant. Services are also provided to 13 communities and several governmental organizations on a contractual basis.

**Transit Fund** - This fund is used to account for the operations of all City transit services.

**Ames/ISU Ice Arena Fund** - This fund is used to account for the operations of a recreational ice facility, jointly owned by the City and Iowa State University.

**Homewood Golf Course Fund** - This fund is used to account for the operations of a 9-hole golf course.

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS JUNE 30, 2009

ASSETS	Storm Sewer Utility	Parking Lot	Resource Recovery
Current assets:			
Cash and pooled cash investments	\$ 959,256	\$ 316,658	\$ 1,005,075
Accounts receivable, net	97,526	26,996	194,791
Accrued interest receivable	5,188	1,718	5,105
Intergovernmental receivables		308	454,671
Due from other funds	3,804	13	29,602
Inventories		17,742	
Prepaid items		1,208	1,137
Total current assets	1,065,774	364,643	1,690,381
Noncurrent assets:			
Deferred debt issuance costs, net			2,959
Capital assets:			
Land		910,547	434,937
Land improvements	526,378	647,228	58,492
Buildings			11,219,650
Equipment		56,130	5,025,221
Construction in progress			957,918
Less accumulated depreciation	(135,450)	(533,521)	(9,729,309)
Capital assets, net	390,928	1,080,384	7,966,909
Total noncurrent assets	390,928	1,080,384	7,969,868
Total assets	1,456,702	1,445,027	9,660,249

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
\$ 2,325,054	\$ 586,057	\$ 62,470	\$ 5,254,570
35,472	9,823	1,472	366,080
12,747	2,955	311	28,024
171,880	6,231		633,090
61,432			94,851
255,812	4,672	2,588	280,814
625		12	2,982
<u>2,863,022</u>	<u>609,738</u>	<u>66,853</u>	<u>6,660,411</u>
			2,959
41,500		193,250	1,580,234
149,806	63,578	127,581	1,573,063
10,706,151	1,688,110	87,003	23,700,914
11,061,621	37,114		16,180,086
53,326			1,011,244
(9,592,085)	(545,613)	(100,460)	(20,636,438)
<u>12,420,319</u>	<u>1,243,189</u>	<u>307,374</u>	<u>23,409,103</u>
<u>12,420,319</u>	<u>1,243,189</u>	<u>307,374</u>	<u>23,412,062</u>
<u>15,283,341</u>	<u>1,852,927</u>	<u>374,227</u>	<u>30,072,473</u>

(continued)

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS JUNE 30, 2009

LIABILITIES	Storm Sewer Utility	Parking Lot	Resource Recovery
Current liabilities:			
Accounts payable	49,038	21,512	188,803
Retainage payable	14,446		46,920
Due to other governments	4,561	190	47,996
Compensation and payroll taxes	5,457	7,736	25,759
Employee benefits	436	1,492	3,237
Due to other funds	34,683	9,072	42,862
Loans payable			32,673
Bonds payable			425,000
Unamortized premiums on bonds issued			14,206
Deferred charges			(8,881)
Interest payable			2,087
Unearned revenue		5,780	
Landfill postclosure costs			14,062
Total current liabilities	108,621	45,782	834,724
Noncurrent liabilities:			
Employee benefits	7,057	19,980	71,215
Post-employment benefits	1,143	1,631	5,225
Landfill postclosure costs			511,505
Total noncurrent liabilities	8,200	21,611	587,945
Total liabilities	116,821	67,393	1,422,669
NET ASSETS			
Invested in capital assets, net of related debt	390,928	1,080,384	7,509,236
Unrestricted	948,953	297,250	728,344
Total net assets	\$ 1,339,881	\$ 1,377,634	\$ 8,237,580

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
96,662	19,338	3,567	378,920
954			62,320
996	75	811	54,629
112,058	1,904	4,743	157,657
15,235	529	212	21,141
19,433	837	2,274	109,161
			32,673
			425,000
			14,206
			(8,881)
			2,087
			5,780
			14,062
<u>245,338</u>	<u>22,683</u>	<u>11,607</u>	<u>1,268,755</u>
225,979	8,277	2,458	334,966
13,842	350	280	22,471
			511,505
<u>239,821</u>	<u>8,627</u>	<u>2,738</u>	<u>868,942</u>
<u>485,159</u>	<u>31,310</u>	<u>14,345</u>	<u>2,137,697</u>
12,420,319	1,243,189	307,374	22,951,430
<u>2,377,863</u>	<u>578,428</u>	<u>52,508</u>	<u>4,983,346</u>
<u>\$ 14,798,182</u>	<u>\$ 1,821,617</u>	<u>\$ 359,882</u>	<u>\$ 27,934,776</u>

(concluded)

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Storm Sewer Utility	Parking Lot	Resource Recovery
Operating revenues:			
Charges for goods and services	\$ 878,597	\$ 792,023	\$ 3,444,001
Operating expenses:			
Cost of goods and services	1,072,279	729,566	3,350,078
Administration	2,553	28,429	178,211
Depreciation	10,528	12,873	380,334
Total operating expenses	1,085,360	770,868	3,908,623
Operating income (loss)	(206,763)	21,155	(464,622)
Nonoperating revenues (expenses):			
Investment earnings	32,723	9,860	47,761
Interest expense			(27,098)
Federal, state, and other operating grants	27,332		
Costs reimbursed by contract participants			614,954
Gain on disposal of capital assets			
Total nonoperating revenues (expenses)	60,055	9,860	635,617
Income (loss) before contributions and transfers	(146,708)	31,015	170,995
Capital contributions			
Transfers in			108,475
Change in net assets	(146,708)	31,015	279,470
Total net assets at beginning of year	1,486,589	1,346,619	7,958,110
Total net assets at end of year	\$ 1,339,881	\$ 1,377,634	\$ 8,237,580

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
\$ 4,507,801	\$ 444,671	\$ 234,701	\$ 10,301,794
5,748,896	449,473	212,824	11,563,116
912,430			1,121,623
1,020,105	62,567	8,062	1,494,469
<u>7,681,431</u>	<u>512,040</u>	<u>220,886</u>	<u>14,179,208</u>
(3,173,630)	(67,369)	13,815	(3,877,414)
82,724	17,009	1,582	191,659
			(27,098)
1,964,558			1,991,890
			614,954
1,311			1,311
<u>2,048,593</u>	<u>17,009</u>	<u>1,582</u>	<u>2,772,716</u>
(1,125,037)	(50,360)	15,397	(1,104,698)
865,268	20,000		885,268
<u>1,253,748</u>	<u>20,000</u>		<u>1,382,223</u>
993,979	(10,360)	15,397	1,162,793
<u>13,804,203</u>	<u>1,831,977</u>	<u>344,485</u>	<u>26,771,983</u>
\$ <u>14,798,182</u>	\$ <u>1,821,617</u>	\$ <u>359,882</u>	\$ <u>27,934,776</u>

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Storm Sewer Utility	Parking Lot	Resource Recovery
Cash flows from operating activities:			
Receipts from customers	\$ 889,329	\$ 794,708	\$ 3,531,060
Payments to suppliers	(589,412)	(115,105)	(1,845,311)
Payments to employees	(255,146)	(478,999)	(1,001,805)
Payments for interfund services used	(149,682)	(155,078)	(567,574)
Net cash provided by (used in) operating activities	(104,911)	45,526	116,370
Cash flows from noncapital financing activities:			
Operating grants	27,332		
Costs reimbursed by contract participants			614,954
Transfers in			108,475
Net cash provided by noncapital financing activities	27,332		723,429
Cash flows from capital and related financing activities:			
Principal paid on general obligation bond maturities			(435,000)
Interest paid and other fiscal charges			(30,099)
Proceeds from loan program			32,673
Purchases of capital assets			(1,117,952)
Proceeds from sale of capital assets			
Capital contributions			
Net cash provided by (used in) capital financing activities			(1,550,378)
Cash flows from investing activities:			
Interest on investments and pooled cash	35,283	10,208	54,732
Net cash provided by investing activities	35,283	10,208	54,732



	Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
\$	4,807,861	\$ 446,345	\$ 234,463	\$ 10,703,766
	(1,778,030)	(213,369)	(59,512)	(4,600,739)
	(4,701,658)	(196,125)	(122,326)	(6,756,059)
	<u>(352,217)</u>	<u>(29,204)</u>	<u>(30,641)</u>	<u>(1,284,396)</u>
	<u>(2,024,044)</u>	<u>7,647</u>	<u>21,984</u>	<u>(1,937,428)</u>
	1,964,558			1,991,890
				614,954
	<u>1,253,748</u>	<u>20,000</u>		<u>1,382,223</u>
	<u>3,218,306</u>	<u>20,000</u>		<u>3,989,067</u>
				(435,000)
				(30,099)
				32,673
	(1,535,773)			(2,653,725)
	11,711			11,711
	<u>865,268</u>	<u>20,000</u>		<u>885,268</u>
	<u>(658,794)</u>	<u>20,000</u>		<u>(2,189,172)</u>
	<u>83,249</u>	<u>18,156</u>	<u>1,539</u>	<u>203,167</u>
	<u>83,249</u>	<u>18,156</u>	<u>1,539</u>	<u>203,167</u>

(continued)

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Storm Sewer Utility	Parking Lot	Resource Recovery
Net change in cash and pooled cash investments	(42,296)	55,734	(655,847)
Cash and pooled cash investments at beginning of year	<u>1,001,552</u>	<u>260,924</u>	<u>1,660,922</u>
Cash and pooled cash investments at end of year	<u>\$ 959,256</u>	<u>\$ 316,658</u>	<u>\$ 1,005,075</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (206,763)	\$ 21,155	\$ (464,622)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	10,528	12,873	380,334
Changes in:			
Accounts receivable, net	(8,478)	971	63,015
Intergovernmental receivables		460	(3,635)
Due from other funds	19,210	1,199	27,679
Inventories		(7,096)	
Prepaid items			(1,077)
Accounts payable	55,639	14,565	132,101
Due to other governments	4,216	190	(5,793)
Accrued expenses	(3,356)	5,229	8,689
Due to other funds	24,093	(4,075)	(7,262)
Unearned revenue		55	
Landfill postclosure costs			(13,059)
Net cash provided by (used in) operating activities	<u>\$ (104,911)</u>	<u>\$ 45,526</u>	<u>\$ 116,370</u>

### SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:

Unrealized increases in the fair value of investments	<u>\$ 3,793</u>	<u>\$ 1,072</u>	<u>\$ 6,259</u>
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Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
618,717	65,803	23,523	65,634
<u>1,706,337</u>	<u>520,254</u>	<u>38,947</u>	<u>5,188,936</u>
\$ <u>2,325,054</u>	\$ <u>586,057</u>	\$ <u>62,470</u>	\$ <u>5,254,570</u>

\$ (3,173,630)	\$ (67,369)	\$ 13,815	\$ (3,877,414)
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1,020,105	62,567	8,062	1,494,469
12,378	6,053	(238)	73,701
246,268	(4,379)		238,714
41,414			89,502
(80,968)	1,039	(140)	(87,165)
(625)		(12)	(1,714)
(110,528)	7,709	405	99,891
(2,466)	(11)	(357)	(4,221)
31,932	3,912	1,175	47,581
(7,924)	(1,874)	(726)	2,232
			55
			<u>(13,059)</u>
\$ <u>(2,024,044)</u>	\$ <u>7,647</u>	\$ <u>21,984</u>	\$ <u>(1,937,428)</u>

\$ <u>8,843</u>	\$ <u>1,916</u>	\$ <u>156</u>	\$ <u>22,039</u>
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(concluded)

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City and to other governmental units on a cost reimbursement basis.

**Fleet Services Fund** - This fund is used to account for capital equipment other than that included in the enterprise funds and governmental funds. A central garage is operated and all equipment is maintained and purchased through this fund. Appropriate charges are made to other City departments for maintenance and equipment replacement.

**Information Services Fund** - This fund is used to account for all data processing, telecommunications, and other communications services provided to the City departments.

**Risk Insurance Fund** - This fund is used to account for all insurance premiums and claim payments other than health benefits. The City's self-insured workers' compensation insurance is accounted for in this fund.

**Health Insurance Fund** - This fund is used to account for all self-insured health insurance claim payments and stop-loss premiums.

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009**

<b>ASSETS</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Risk Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
Current assets:					
Cash and pooled cash investments	\$ 7,646,066	\$ 2,309,778	\$ 578,894	\$ 2,410,791	\$ 12,945,529
Accounts receivable, net	23,411			6,605	30,016
Accrued interest receivable	37,594	11,318	4,443	11,004	64,359
Intergovernmental receivables	2,463	1,635			4,098
Due from other funds	271,303	43,617			314,920
Inventories	66,499				66,499
Prepaid items	7,671	62,471	424,075		494,217
Total current assets	<u>8,055,007</u>	<u>2,428,819</u>	<u>1,007,412</u>	<u>2,428,400</u>	<u>13,919,638</u>
Noncurrent assets:					
Capital assets:					
Land improvements		192,433			192,433
Buildings	551,493				551,493
Equipment	10,671,948	1,476,832	13,670		12,162,450
Less accumulated depreciation	(6,874,640)	(1,354,494)	(13,670)		(8,242,804)
Capital assets, net	<u>4,348,801</u>	<u>314,771</u>			<u>4,663,572</u>
Total noncurrent assets	<u>4,348,801</u>	<u>314,771</u>			<u>4,663,572</u>
Total assets	<u>12,403,808</u>	<u>2,743,590</u>	<u>1,007,412</u>	<u>2,428,400</u>	<u>18,583,210</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	14,926	39,810	34,807	531,993	621,536
Due to other governments	15,677				15,677
Compensation and payroll taxes	12,848	1,342		320	14,510
Employee benefits	3,406	2,955	187	317	6,865
Due to other funds	11,833	2,372	202	9,072	23,479
Claims payable			586,233	529,869	1,116,102
Total current liabilities	<u>58,690</u>	<u>46,479</u>	<u>621,429</u>	<u>1,071,571</u>	<u>1,798,169</u>
Noncurrent liabilities:					
Employee benefits	79,533	57,619	2,629	4,439	144,220
Post-employment benefits	3,898	3,337	148	364	7,747
Total noncurrent liabilities	<u>83,431</u>	<u>60,956</u>	<u>2,777</u>	<u>4,803</u>	<u>151,967</u>
Total liabilities	<u>142,121</u>	<u>107,435</u>	<u>624,206</u>	<u>1,076,374</u>	<u>1,950,136</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	4,348,801	314,771			4,663,572
Unrestricted	<u>7,912,886</u>	<u>2,321,384</u>	<u>383,206</u>	<u>1,352,026</u>	<u>11,969,502</u>
Total net assets	<u>\$ 12,261,687</u>	<u>\$ 2,636,155</u>	<u>\$ 383,206</u>	<u>\$ 1,352,026</u>	<u>\$ 16,633,074</u>

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for goods and services	\$ 3,189,128	\$ 1,889,339	\$ 1,745,096	\$ 5,437,701	\$ 12,261,264
Operating expenses:					
Cost of goods and services	2,166,521	1,705,890	1,741,794	5,518,793	11,132,998
Depreciation	752,782	113,466	2,278		868,526
Total operating expenses	2,919,303	1,819,356	1,744,072	5,518,793	12,001,524
Operating income (loss)	269,825	69,983	1,024	(81,092)	259,740
Nonoperating revenues (expenses):					
Investment earnings	232,844	68,569	22,762	68,005	392,180
Gain on disposal of capital assets	35,064				35,064
Total nonoperating revenues	267,908	68,569	22,762	68,005	427,244
Income before contributions and transfers	537,733	138,552	23,786	(13,087)	686,984
Transfers in	1,683				1,683
Change in net assets	539,416	138,552	23,786	(13,087)	688,667
Total net assets at beginning of year	11,722,271	2,497,603	359,420	1,365,113	15,944,407
Total net assets at end of year	\$ 12,261,687	\$ 2,636,155	\$ 383,206	\$ 1,352,026	\$ 16,633,074

CITY OF AMES, IOWA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 3,233,590	\$ 2,051,581	\$ 1,745,672	\$ 5,457,948	\$ 12,488,791
Payments to suppliers	(1,230,091)	(610,302)	(1,191,595)	(5,208,790)	(8,240,778)
Payments to employees	(708,225)	(759,929)	(117,153)	(145,921)	(1,731,228)
Payments for interfund services used	(270,978)	(290,701)	(4,308)	(18,816)	(584,803)
Net cash provided by (used in) operating activities	1,024,296	390,649	432,616	84,421	1,931,982
Cash flows from noncapital financing activities:					
Transfers in	1,683				1,683
Net cash provided by noncapital financing activities	1,683				1,683
Cash flows from capital and related financing activities:					
Purchases of capital assets	(740,022)	(193,286)			(933,308)
Proceeds from sale of capital assets	125,540				125,540
Net cash used in capital and related financing activities	(614,482)	(193,286)			(807,768)
Cash flows from investing activities:					
Interest on investments and pooled cash	247,726	72,661	23,874	73,318	417,579
Net cash provided by investing activities	247,726	72,661	23,874	73,318	417,579
Net change in cash and pooled cash investments	659,223	270,024	456,490	157,739	1,543,476
Cash and pooled cash investments at beginning of year	6,986,843	2,039,754	122,404	2,253,052	11,402,053
Cash and pooled cash investments at end of year	\$ 7,646,066	\$ 2,309,778	\$ 578,894	\$ 2,410,791	\$ 12,945,529

(continued)

CITY OF AMES, IOWA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 269,825	\$ 69,983	\$ 1,024	\$ (81,092)	\$ 259,740
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	752,782	113,466	2,278		868,526
Changes in:					
Accounts receivable, net	11,641		576	20,247	32,464
Intergovernmental receivables	3,064	3,361			6,425
Due from other funds	29,757	158,881			188,638
Inventories	4,413				4,413
Prepaid items	(1,780)	(932)	406,765		404,053
Accounts payable	(41,420)	37,420	(78,101)	98,191	16,090
Due to other governments	(13,426)	(3,500)	(296)	(28,000)	(45,222)
Accrued expenses	9,310	12,402	(9,012)	(5,980)	6,720
Due to other funds	130	(432)	(216)	1,186	668
Claims payable			109,598	79,869	189,467
Net cash provided by (used in) operating activities	\$ <u>1,024,296</u>	\$ <u>390,649</u>	\$ <u>432,616</u>	\$ <u>84,421</u>	\$ <u>1,931,982</u>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:

Unrealized increases in the fair value of investments	\$ <u>26,532</u>	\$ <u>7,750</u>	\$ <u>2,465</u>	\$ <u>7,858</u>	\$ <u>44,605</u>
Capital asset trade-ins	\$ <u>17,473</u>				\$ <u>17,473</u>

(concluded)



## **AGENCY FUNDS**

Agency funds are used to report resources held by the City in a purely custodial capacity (assets equal liabilities).

**Flex Benefits Fund** - This fund is used to hold the employees' withheld contributions to a Section 125 flexible benefits plan.

**Payroll Clearing Fund** - This fund is used to hold payroll taxes withheld from employees until they are paid to the appropriate authorities.

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**JUNE 30, 2009**

	<u>Agency Funds</u>		
	<b>Payroll Clearing</b>	<b>Flex Benefits</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 214,153	\$ 28,037	\$ 242,190
Accounts receivable	<u>19</u>	<u></u>	<u>19</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>214,172</u></b>	<b>\$ <u>28,037</u></b>	<b>\$ <u>242,209</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,820	\$ 28,037	\$ 34,857
Due to other governments	<u>207,352</u>	<u></u>	<u>207,352</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>214,172</u></b>	<b>\$ <u>28,037</u></b>	<b>\$ <u>242,209</u></b>

**CITY OF AMES, IOWA****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**PAYROLL CLEARING FUND**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 192,512	\$ 20,866,683	\$ 20,845,042	\$ 214,153
Accounts receivable		5,406	5,387	19
<b>TOTAL ASSETS</b>	<u>\$ 192,512</u>	<u>\$ 20,872,089</u>	<u>\$ 20,850,429</u>	<u>\$ 214,172</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,912	\$ 8,595,153	\$ 8,596,245	\$ 6,820
Due to other governments	184,600	12,173,573	12,150,821	207,352
<b>TOTAL LIABILITIES</b>	<u>\$ 192,512</u>	<u>\$ 20,768,726</u>	<u>\$ 20,747,066</u>	<u>\$ 214,172</u>

**FLEX BENEFITS FUND**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 29,716	\$ 1,781,792	\$ 1,783,471	\$ 28,037
<b>LIABILITIES</b>				
Accounts payable	\$ 29,716	\$ 746,553	\$ 748,232	\$ 28,037

(continued)

# CITY OF AMES, IOWA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2009

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### TOTALS

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 222,228	\$ 22,648,475	\$ 22,628,513	\$ 242,190
Accounts receivable		5,406	5,387	19
<b>TOTAL ASSETS</b>	<u>\$ 222,228</u>	<u>\$ 22,653,881</u>	<u>\$ 22,633,900</u>	<u>\$ 242,209</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 37,628	\$ 9,341,706	\$ 9,344,477	\$ 34,857
Due to other governments	184,600	12,173,573	12,150,821	207,352
<b>TOTAL LIABILITIES</b>	<u>\$ 222,228</u>	<u>\$ 21,515,279</u>	<u>\$ 21,495,298</u>	<u>\$ 242,209</u>

(concluded)

## STATISTICAL SECTION

This part of the City of Ames's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	125
Revenue Capacity These schedules contain information to help the reader assess the city's most significant revenue source, property tax.	131
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	135
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	140
Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	142

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002 ; schedules presenting government-wide information include information beginning in that year.

**Schedule 1**  
**City of Ames**  
**Net Assets by Component**  
**Last Eight Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 59,164,746	\$ 67,107,350	\$ 72,431,317	\$ 77,768,887	\$ 87,975,194	\$ 90,093,683	\$ 95,550,370	\$ 101,940,741
Restricted	7,147,552	5,907,080	5,392,715	6,091,644	5,767,706	6,680,663	12,523,636	9,681,837
Unrestricted	13,844,366	14,113,598	15,729,109	15,250,250	18,116,572	22,301,202	19,525,162	20,852,226
<b>Total governmental activities net assets</b>	<b>\$ 80,156,664</b>	<b>\$ 87,128,028</b>	<b>\$ 93,553,141</b>	<b>\$ 99,110,781</b>	<b>\$ 111,859,472</b>	<b>\$ 119,075,548</b>	<b>\$ 127,599,168</b>	<b>\$ 132,474,804</b>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 162,875,819	\$ 170,584,026	\$ 177,602,171	\$ 194,461,923	\$ 209,874,031	\$ 224,440,404	\$ 226,464,780	\$ 233,486,481
Restricted	6,915,337	3,227,265	2,021,178	1,903,958	1,840,838	1,695,740	1,582,837	1,559,234
Unrestricted	95,915,917	103,208,153	113,464,680	114,424,423	121,916,198	136,557,327	147,185,413	143,372,402
<b>Total business-type activities net assets</b>	<b>\$ 265,707,073</b>	<b>\$ 277,019,444</b>	<b>\$ 293,088,029</b>	<b>\$ 310,790,304</b>	<b>\$ 333,631,067</b>	<b>\$ 362,693,471</b>	<b>\$ 375,233,030</b>	<b>\$ 378,418,117</b>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 222,040,565	\$ 237,691,376	\$ 250,033,488	\$ 272,230,810	\$ 297,849,225	\$ 314,534,087	\$ 322,015,150	\$ 335,427,222
Restricted	14,062,889	9,134,345	7,413,893	7,995,602	7,608,544	8,376,403	14,106,473	11,241,071
Unrestricted	109,760,283	117,321,751	129,193,789	129,674,673	140,032,770	158,858,529	166,710,575	164,224,628
<b>Total primary government assets</b>	<b>\$ 345,863,737</b>	<b>\$ 364,147,472</b>	<b>\$ 386,641,170</b>	<b>\$ 409,901,085</b>	<b>\$ 445,490,539</b>	<b>\$ 481,769,019</b>	<b>\$ 502,832,198</b>	<b>\$ 510,892,921</b>

**Note:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**Schedule 2**  
**City of Ames**  
**Changes in Net Assets, Last Eight Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Governmental activities:								
Public safety	\$ 10,420,335	\$ 10,267,584	\$ 10,160,215	\$ 10,857,504	\$ 11,588,247	\$ 11,992,224	\$ 13,102,633	\$ 13,011,464
Public works		8,187,203	8,968,386	9,348,746	9,763,569	10,185,328	11,675,389	13,090,595
Health & social services		959,605	917,209	909,454	951,645	982,108	1,034,327	1,159,050
Culture & recreation		5,158,304	5,268,507	5,435,218	5,687,626	6,147,047	6,591,544	6,668,942
Community & economic development		2,989,990	2,612,198	2,447,892	2,743,874	3,404,127	3,219,621	3,850,712
General government		3,046,760	2,853,720	2,485,193	2,206,713	2,281,674	2,417,083	2,518,339
Capital projects	4,088,047			1,788,341	732,402	41,834		
Transportation	6,509,949							
Community enrichment	8,442,957							
Utilities/physical environment	787,651							
Interest on long-term debt	1,539,352							
Total governmental activities expense	<u>31,788,291</u>	<u>1,674,910</u>	<u>1,635,493</u>	<u>1,589,465</u>	<u>1,548,265</u>	<u>1,532,782</u>	<u>1,537,842</u>	<u>1,571,257</u>
		<u>32,504,604</u>	<u>32,780,599</u>	<u>34,861,813</u>	<u>35,202,341</u>	<u>36,567,124</u>	<u>39,578,439</u>	<u>41,870,359</u>
<b>Business-type activities:</b>								
Mary Greeley Medical Center	91,207,246	95,183,668	97,429,390	111,220,658	122,828,311	135,819,426	145,581,895	153,741,531
Electric Utility	27,725,323	30,586,148	32,052,383	35,167,126	38,388,459	40,398,204	43,727,636	39,716,298
Sewer Utility	5,042,511	4,969,771	5,103,253	5,387,364	5,326,905	6,069,860	5,979,526	6,485,535
Water Utility	4,588,786	4,765,393	5,097,617	5,088,878	5,468,343	5,811,849	6,054,928	6,514,499
Storm Sewer Utility	376,363	422,673	385,303	375,498	473,286	474,425	458,119	1,080,705
Parking Lot	621,816	626,843	799,523	808,289	777,261	828,138	856,518	766,381
Resource Recovery	2,877,425	3,157,863	3,215,617	3,353,518	3,424,317	3,887,199	3,636,402	3,914,713
Transit	4,882,522	5,400,212	5,885,535	5,983,230	6,280,501	6,911,902	7,597,860	7,685,829
Ames/ISU Ice Arena	482,729	482,014	471,392	460,759	469,884	432,532	480,418	511,334
Homewood Golf Course	205,312	222,710	205,478	202,407	226,069	224,749	217,964	218,708
Total business-type activities expense	<u>138,010,033</u>	<u>145,817,295</u>	<u>150,645,491</u>	<u>168,047,727</u>	<u>183,663,336</u>	<u>200,858,284</u>	<u>214,591,266</u>	<u>220,635,533</u>
Total primary government expenses	<u>\$ 169,798,324</u>	<u>\$ 178,321,899</u>	<u>\$ 183,426,090</u>	<u>\$ 202,909,540</u>	<u>\$ 218,865,677</u>	<u>\$ 237,425,408</u>	<u>\$ 254,169,705</u>	<u>\$ 262,505,892</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Public Safety	\$ 1,717,128	\$ 1,976,775	\$ 2,149,361	\$ 2,233,090	\$ 2,156,638	\$ 2,201,516	\$ 2,356,887	\$ 2,387,020
Culture and recreation		1,065,611	1,122,537	1,042,181	1,027,906	1,020,870	1,066,913	1,059,095
Community enrichment	1,160,147							
General government	1,335,520	1,513,615	1,480,807	1,131,802	717,309	816,844	837,787	1,367,765
Other activities	605,165	240,330	150,663	230,627	272,205	416,660	312,553	1,050,604
Operating grants & contributions	1,601,742	2,277,904	2,568,666	2,150,390	2,745,231	2,595,245	3,545,354	2,437,772
Capital grants & contributions	6,546,355	5,125,235	3,340,218	4,672,565	4,847,202	3,231,618	6,119,361	2,901,619
Total governmental activities program revenues	<u>\$ 12,966,057</u>	<u>\$ 12,199,470</u>	<u>\$ 10,812,252</u>	<u>\$ 11,460,655</u>	<u>\$ 11,766,491</u>	<u>\$ 10,282,753</u>	<u>\$ 14,238,855</u>	<u>\$ 11,203,875</u>

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Business-type activities:								
Charges for services								
Mary Greeley Medical Center	95,183,606	99,086,747	104,597,269	122,552,271	129,658,158	145,181,175	152,684,036	156,095,243
Electric Utility	31,761,537	32,506,192	34,729,308	36,677,050	42,256,054	46,307,158	47,973,171	50,432,375
Sewer Utility	4,229,249	4,244,668	4,276,063	4,190,238	4,607,890	4,760,282	4,811,331	5,126,681
Water Utility	5,936,702	6,139,049	6,123,857	5,885,844	6,260,700	6,394,051	6,474,046	6,742,803
Storm Sewer Utility	395,207	400,162	415,082	433,885	647,138	676,692	828,644	878,597
Parking Lot	712,771	716,025	835,781	715,634	776,341	685,500	860,255	792,023
Resource Recovery	2,736,075	3,047,135	3,124,654	3,925,447	4,191,902	4,072,777	3,813,799	3,444,001
Transit	2,674,966	2,988,830	3,172,940	2,745,924	3,454,757	3,793,525	4,078,218	4,507,801
Ames/SU Ice Arena	380,498	454,414	398,281	379,783	373,698	389,163	417,115	444,671
Homewood Golf Course	212,069	196,159	208,336	214,051	212,116	198,124	215,923	234,701
Operating grants & contributions	1,704,841	1,763,879	1,771,872	508,639	1,252,304	1,665,682	2,721,873	2,681,074
Capital grants & contributions	925,080	3,297,323	2,332,603	3,040,686	4,967,908	1,724,159	3,290,701	1,345,340
Total business-type activities program revenues	146,852,601	154,840,583	161,986,046	181,269,452	198,658,966	215,848,288	228,170,712	232,725,310
Total primary government program revenues	\$ 159,818,658	\$ 167,040,053	\$ 172,798,298	\$ 192,730,107	\$ 210,425,457	\$ 226,131,041	\$ 242,409,567	\$ 243,929,185
Net (Expense)/Revenue								
Governmental activities	\$ (18,822,234)	\$ (20,305,134)	\$ (21,968,347)	\$ (23,401,158)	\$ (23,435,850)	\$ (26,284,371)	\$ (25,339,584)	\$ (30,666,484)
Business-type activities	8,842,568	9,023,288	11,340,555	13,221,725	14,995,630	14,990,004	13,579,446	12,089,777
Total primary governmental net expense	\$ (9,979,666)	\$ (11,281,846)	\$ (10,627,792)	\$ (10,179,433)	\$ (8,440,220)	\$ (11,294,367)	\$ (11,760,138)	\$ (18,576,707)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 14,247,692	\$ 16,122,084	\$ 17,062,313	\$ 17,728,215	\$ 18,475,771	\$ 19,313,838	\$ 20,147,655	\$ 21,436,807
Sales taxes	5,232,195	5,596,362	6,003,674	6,075,491	6,448,355	7,281,418	6,997,159	8,068,835
Road use taxes	4,105,886	4,095,978	4,255,230	4,211,923	4,243,809	4,244,752	4,346,879	4,204,593
Unrestricted grants & contributions	691,747	668,704	48,413	31,045	14,945	15,573	20,676	15,842
Investment earnings	963,586	747,546	489,786	828,277	1,404,140	2,074,008	2,058,452	1,508,776
Transfers	167,478	320,785	225,888	83,144	35,964	231,849	292,383	307,267
Other	84,738	(274,961)	308,156	703	-	-	-	-
Total governmental activities	25,493,322	27,276,498	28,393,460	28,958,798	30,622,984	33,161,438	33,863,204	35,542,120
Business-type activities:								
Investment earnings	1,833,523	2,606,764	5,200,766	4,363,765	7,881,097	14,184,748	(750,318)	(8,598,734)
Transfers	(167,478)	(320,785)	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)
Other	(131,859)	3,104	(246,848)	199,929	-	119,501	2,814	1,311
Total business-type activities program	1,534,186	2,289,083	4,728,030	4,480,550	7,845,133	14,072,400	(1,039,887)	(8,904,690)
Total primary governmental	\$ 27,027,508	\$ 29,565,581	\$ 33,121,490	\$ 33,439,348	\$ 38,468,117	\$ 47,233,838	\$ 32,823,317	\$ 26,637,430
Change in Net Assets								
Governmental activities	\$ 6,671,088	\$ 6,971,364	\$ 6,425,113	\$ 5,557,640	\$ 7,187,134	\$ 6,877,067	\$ 8,523,620	\$ 4,875,636
Business-type activities	10,376,754	11,312,371	16,068,585	17,702,275	22,840,763	29,062,404	12,539,559	3,185,087
Total primary governmental	\$ 17,047,842	\$ 18,283,735	\$ 22,493,698	\$ 23,259,915	\$ 30,027,897	\$ 35,939,471	\$ 21,063,179	\$ 8,060,723



**Schedule 3**  
**City of Ames**  
**Fund Balances, Governmental Funds,**  
**Last Eight Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General Fund								
Reserved	\$ 297,331	\$ 134,833	\$ 119,344	\$ 189,955	\$ 173,039	\$ 256,946	\$ 276,068	\$ 190,599
Unreserved	3,856,268	4,595,140	4,987,655	5,417,003	5,646,663	6,289,199	6,377,565	6,933,392
Total General Fund	\$ 4,153,599	\$ 4,729,973	\$ 5,106,999	\$ 5,606,958	\$ 5,819,702	\$ 6,546,145	\$ 6,653,633	\$ 7,123,991
All Other Governmental Funds								
Reserved	\$ 8,168,864	\$ 6,684,379	\$ 6,934,080	\$ 6,758,486	\$ 7,175,778	\$ 7,619,673	\$ 14,663,188	\$ 11,630,104
Unreserved, reported in:								
Other governmental funds	633,570					2,110,682		
Capital projects fund								
Nonmajor special revenue funds	5,943,244	8,083,479	8,360,430	9,139,295	9,847,667	11,867,770	12,239,249	10,376,299
Total all other governmental funds	\$ 14,745,678	\$ 14,767,858	\$ 15,294,510	\$ 15,897,781	\$ 17,023,445	\$ 21,598,125	\$ 26,902,437	\$ 22,006,403

**Schedule 4**

**City of Ames**

**Changes in Fund Balances, Governmental Funds,**

**Last Eight Fiscal Years**

(modified accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>								
Taxes	\$ 14,247,692	\$ 16,122,084	\$ 17,062,313	\$ 17,728,215	\$ 18,475,771	\$ 19,313,838	\$ 20,147,655	\$ 21,436,807
Special assessments	310,611	327,594	309,133	253,868	321,523	139,570	117,218	136,817
Licenses and permits	861,827	928,479	1,123,645	1,162,071	973,003	983,238	1,083,017	1,071,936
Intergovernmental	17,451,315	16,668,700	12,723,046	13,886,584	14,283,772	16,009,502	15,257,235	15,958,729
Charges for services	2,579,068	2,911,671	2,802,740	2,861,229	2,913,616	3,207,138	3,396,848	3,451,677
Fines and forfeits	169,299	147,339	149,005	165,243	180,453	191,626	186,848	214,672
Donations	190,495	313,106	868,637	613,644	240,719	218,033	3,188,519	723,430
Investment earnings	1,139,022	997,741	667,644	884,551	1,360,294	1,725,443	1,824,426	1,345,607
Miscellaneous	570,384	383,966	425,741	240,037	186,167	202,994	176,898	152,213
Total revenues	37,519,713	38,800,680	36,131,904	37,795,442	38,935,318	41,991,382	45,378,664	44,491,888
<b>Expenditures</b>								
Public safety	9,932,025	10,073,803	10,147,229	10,803,854	11,669,410	11,896,964	12,927,372	12,917,525
Public works		3,892,858	4,390,191	4,418,888	4,504,535	4,756,831	5,117,634	5,499,791
Health and social services		958,521	918,839	909,947	953,620	982,063	1,033,776	1,159,726
Culture and recreation		5,270,329	5,191,331	5,254,306	5,487,868	5,900,650	6,160,922	6,327,050
Community and economic development		2,961,538	2,600,483	2,437,266	2,748,939	3,404,221	3,217,968	3,851,231
General government	3,173,219	1,962,223	2,049,786	1,960,966	2,168,130	2,145,983	2,207,062	2,293,741
Capital projects	20,131,685	12,003,536	9,561,512	10,184,911	6,602,090	6,265,482	11,463,042	15,349,040
Transportation	2,961,999							
Community enrichment	8,155,022							
Utilities/physical environment	700,387							
Debt service								
Principal retirement	4,363,748	5,043,788	5,483,308	5,307,272	7,283,105	5,740,028	5,630,919	6,109,953
Interest and fiscal charges	1,518,648	1,709,232	1,632,709	1,614,899	1,581,581	1,557,501	1,620,271	1,681,184
Debt issuance costs	12,348	30,679						
Total expenditures	50,949,081	43,906,507	41,975,388	42,892,309	42,999,278	42,649,723	49,378,966	55,189,241
Excess of revenues over (under) expenditures	(13,429,368)	(5,105,827)	(5,843,484)	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)	(10,697,353)

Other Financing Sources (Uses)	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Issuance of bonds	\$ 14,865,000	\$ 5,885,000	\$ 6,555,000	\$ 6,030,000	\$ 5,495,000	\$ 5,285,000	\$ 9,059,781	\$ 5,825,000
Issuance of refunding bonds	2,692,520	3,212,820						6,995,000
Premiums on debt issued	24,247	117,670	42,916	60,193	33,665	73,086	69,583	85,108
Premiums on refunding debt issued								210,985
Payments of refunded bonds	(2,640,000)	(3,170,822)						(7,150,000)
Capital transfers out	(251,840)	(743,588)			(162,957)	-		
Transfers in	5,565,732	5,906,633	6,699,116	6,080,627	6,514,877	7,076,994	8,384,379	7,413,364
Transfers out	(5,230,254)	(5,568,666)	(6,549,870)	(5,970,723)	(6,478,217)	(6,814,625)	(8,101,641)	(7,107,780)
Total other financing sources (uses)	15,025,405	5,639,047	6,747,162	6,200,097	5,402,368	5,620,455	9,412,102	6,271,677
Net change in fund balances	\$ 1,596,037	\$ 533,220	\$ 903,678	\$ 1,103,230	\$ 1,338,408	\$ 4,962,114	\$ 5,411,800	\$ (4,425,676)
Debt service as a percentage of noncapital expenditures	19.0%	21.4%	23.4%	22.2%	26.5%	20.8%	19.8%	18.2%

**Note:** The State of Iowa changed reporting functions to meet the requirements of GASB 34 effective with fiscal year 2003.

Schedule 5  
City of Ames  
Assessed Taxable Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Taxable Value Residential Property	Taxable Value Commercial Property	Taxable Value Industrial Property	Taxable Value Utilities	Taxable Value M&E/Computers	Less: Military Tax Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2000	\$ 630,397,039	\$ 574,735,293	\$ 37,881,967	\$ 16,260,972	\$ 19,713,440	\$ 3,178,958	\$1,275,809,753	9.76244	\$1,761,576,644	72.4%
2001	666,008,427	641,513,433	52,712,806	15,103,991	14,866,842	3,154,882	1,387,050,617	9.60628	1,943,321,639	71.4
2002	714,329,984	685,342,960	61,850,141	15,713,751	7,460,535	3,096,544	1,481,600,827	9.35614	2,036,850,033	72.7
2003	740,806,402	807,747,474	77,126,240	17,306,739	3,140,447	3,120,620	1,643,006,682	9.63962	2,354,597,383	69.8
2004	758,652,072	858,404,884	79,460,930	18,617,645		3,044,688	1,712,090,843	9.67627	2,429,777,471	70.5
2005	812,554,188	833,418,402	84,967,190	16,598,600		2,965,052	1,744,573,328	9.94868	2,616,823,544	66.7
2006	865,439,973	835,027,560	91,023,260	15,430,574		2,894,676	1,804,026,691	10.16610	2,746,981,177	65.7
2007	932,834,583	842,294,846	108,536,430	15,836,321		2,912,270	1,896,589,910	10.25190	3,003,950,459	63.1
2008	988,802,548	832,616,846	99,794,440	14,985,782		2,888,194	1,933,311,422	10.43585	3,120,176,952	62.0
2009	1,005,587,549	815,275,464	107,483,480	16,390,291		2,941,902	1,941,794,882	11.06239	3,224,629,664	60.2

Source: Story County Auditor

**Schedule 6**  
**City of Ames**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(tax rates per \$1,000 of assessed valuation)

Fiscal Year	City Direct Rates					Overlapping Rates (1)				Total Direct & Overlapping Rates
	General Rate (2)	Public Transit Rate	Employee Benefits		Total Direct Tax Rate (3)	Ames School District (4)	County Consolidated (5)	Area Vocational (6)		
			Rate	Rate						
2000	5.46015	0.51213	0.26405	3.52611	9.76244	13.66879	5.87745	0.52451	29.83319	
2001	5.14278	0.50638	0.28691	3.67021	9.60628	13.84006	5.51856	0.54506	29.50996	
2002	5.09850	0.50962	0.30861	3.43941	9.35614	13.82670	6.50788	0.54454	30.23526	
2003	5.03363	0.49403	0.31508	3.79688	9.63962	14.20390	6.47047	0.54584	30.85983	
2004	5.14763	0.52435	0.35921	3.64508	9.67627	13.80200	6.08392	0.58184	30.14403	
2005	5.23802	0.53054	0.53695	3.64317	9.94868	13.80403	6.25618	0.59856	30.60745	
2006	5.27509	0.56436	0.65229	3.67436	10.16610	13.72848	6.32840	0.68408	30.90706	
2007	5.33473	0.56956	0.68478	3.66283	10.25190	13.74398	6.46794	0.68688	31.15070	
2008	5.48631	0.59171	0.67178	3.68605	10.43585	13.27297	6.42527	0.60276	30.73685	
2009	5.79037	0.62329	0.49436	4.15437	11.06239	13.62557	6.52666	0.56386	31.77848	

**Source:** Story County Auditor

**Notes:**

- (1) Overlapping rates are those of local and county governments that may apply to property owners within the City of Ames. Not all overlapping rates apply to all Ames property owners.
- (2) State law limits the maximum tax rate for the General Fund to \$8.10 per thousand dollars of assessed valuation.
- (3) City council sets the total direct tax rate.
- (4) School district board of education sets the rate.
- (5) Story county board of supervisors, county and city's assessors board, county agricultural extension board, and county hospital board set the rate.
- (6) Area community college sets the rate.

**Schedule 7**

**City of Ames**

**Principal Property Tax Payers by Parcel**

**Current Year and Nine Years Ago**

	2009				2000			
				Percentage of Total City				Percentage of Total City
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Value</u>	<u>Assessed</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Value</u>	<u>Assessed</u>
Barilla America Inc. (1)	\$ 30,569,300	1	1.57%					
North Grand Mall Partners LLC (2)	28,922,048	2	1.49					
Clinic Building Co., Inc.	15,938,043	3	0.82		\$ 15,487,400	2	1.21%	
Cycloneball LLC	13,440,000	4	0.69					
Midwest Centers	12,717,722	5	0.65		8,783,000	3	0.69	
Ball Plastics Container Corp	10,024,000	6	0.52					
Campus Investors IS LLC	9,693,274	7	0.50					
CPMI-CRE Coralville LTD Partnership	9,244,085	8	0.48					
SUSA Holding of Story County Inc	8,775,000	9	0.45		7,966,000	4	0.62	
BRHC Ames LLC	8,715,509	10	0.45					
General Growth Properties (2)					21,096,300	1	1.65	
Freemon, Richard D. Rest. Rev. Trust					7,226,900	5	0.57	
Mortensen I-Ltd. Partnership					6,695,700	6	0.52	
Principal Life Insurance Co.					6,666,800	7	0.52	
Minnesota Mining & Mfg. Co.					6,340,797	8	0.50	
Iowa State University Research Park					5,983,390	9	0.47	
Gateway Center, Ltd.					5,913,600	10	0.46	
Totals	\$ 148,038,981		7.62%		\$ 92,159,887		7.21%	

**Source:** Story County Auditor

**Notes:** (1) Barilla paid property taxes for the first time FY 1999

(2) Property changed ownership.

Schedule 8  
City of Ames  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30.	Tax Levied for the Fiscal Year	Collected within the			Collections in Subsequent Years	Totals Collections to Date	
		Fiscal Year of the Levy		Percentage of Levy		Amount	Percentage of Levy
		Amount					
2000	\$ 12,484,141	\$ 12,718,805	101.88%		\$ 13,138	\$ 12,731,943	101.98%
2001	13,364,547	13,716,608	102.63		1,286	13,717,894	102.64
2002	13,916,170	14,218,041	102.17		12,054	14,230,095	102.26
2003	15,870,964	15,978,134	100.68		80,213	16,058,347	101.18
2004	16,618,895	16,904,000	101.72		52,567	16,956,567	102.03
2005	17,401,486	17,672,862	101.56		10	17,672,872	101.56
2006	18,344,342	18,490,707	100.80		2,044	18,492,751	100.81
2007	19,446,934	19,327,368	99.39		2,254	19,329,622	99.40
2008	20,178,912	20,157,915	99.90		224	20,158,139	99.90
2009	21,484,466	21,452,425	99.85			21,452,425	99.85

Sources: Story County Auditor and City of Ames Finance Department

Schedule 9  
City of Ames  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds		General Obligation Bonds	Revenue Bonds	Capital Leases	Notes Payable				
2000	\$ 23,105,042		\$ 7,249,958	\$ 50,310,000			\$ 80,665,000	8.42%	1,590	
2001	25,450,572		6,249,248	46,840,000	1,182,244		79,722,064	8.33	1,573	
2002	35,920,504		5,244,496	43,695,000	2,043,135		86,903,135	8.85	1,671	
2003	36,803,714		4,186,286	36,690,000		2,212,672	79,892,672	8.13	1,535	
2004	37,875,405		3,069,595	33,595,000		1,575,450	76,115,450	7.67	1,449	
2005	38,598,133		2,466,867	30,380,000		907,121	72,352,121	6.07	1,376	
2006	36,810,028		1,879,972	27,075,000		283,825	66,048,825	5.40	1,223	
2007	36,355,000		1,310,000	23,685,000		27,865	61,377,865	4.87	1,104	
2008	39,854,081		1,340,919	22,555,000			63,750,000	4.98	1,128	
2009	39,414,128		3,285,872	21,495,000		3,197,834	67,392,834	5.26	1,193	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See Schedule 14 for personal income and population data.



Schedule 10  
City of Ames  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita
2000	\$ 23,105,042	\$ 2,009,485	\$ 21,095,557	1.20%	\$ 415.83
2001	25,450,572	2,845,016	22,605,556	1.16	445.97
2002	35,920,504	2,402,019	33,518,485	1.65	644.43
2003	36,803,714	2,272,537	34,531,177	1.47	663.59
2004	37,875,405	1,715,319	36,160,086	1.49	688.06
2005	38,598,133	1,439,613	37,158,520	1.42	706.45
2006	36,810,028	1,275,590	35,534,438	1.29	657.90
2007	36,355,000	1,107,194	35,247,806	1.17	633.96
2008	39,854,081	1,423,410	38,430,671	1.23	680.07
2009	39,414,128	1,990,754	37,423,374	1.16	662.24

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 5 for property value data.

(2) Population data can be found in Schedule 14.

## Schedule 11

## City of Ames

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Ames Community School District	\$ 1,965,000	97.87%	\$ 1,923,146
Gilbert Community School District	8,275,000	44.81	3,708,028
Des Moines Area Community College (1)	78,540,000	6.08	4,775,232
Nevada Community School District	3,865,000	0.15	5,798
United Community School District	0	0.62	-
Story County	7,270,000	62.18	4,520,486
<b>Other debt</b>			
Ames Community School District Revenue Bonds	15,728,139	97.87	15,393,130
Gilbert Community School District Revenue Bonds	2,565,000	44.81	1,149,377
Des Moines Area Community College	3,960,000	6.08	240,768
Nevada Community School District Revenue Bonds	3,940,000	0.15	5,910
Subtotal, overlapping debt			31,721,875
<b>City direct debt</b>			<u>39,414,128</u>
<b>Total direct and overlapping debt</b>			<u>\$ 71,136,003</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Story County Auditor. Debt outstanding data provided by each governmental unit.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Ames. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every tax payer is a resident and therefore responsible for repaying the debt of each overlapping government.

(1) Includes \$71,670,000 new jobs training certificates payable primarily from credits and incremental property tax revenue derived from jobs training program. The certificates are further secured by a back-up levy of general taxes.

Schedule 12  
City of Ames  
Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 88,078,832	\$ 97,166,082	\$ 101,842,502	\$ 117,729,869	\$ 121,488,874	\$ 130,841,177	\$ 137,349,059	\$ 150,197,523	\$ 156,008,848	\$ 161,231,483
Total net debt applicable to limit	30,355,000	31,700,000	41,165,000	40,990,000	40,945,000	41,065,000	38,690,000	37,665,000	41,195,000	42,700,000
Legal debt margin	57,723,832	65,466,082	60,677,502	76,739,869	80,543,874	89,776,177	98,659,059	112,532,523	114,813,848	118,531,483
Total net debt applicable to the limit										
as a percentage of debt limit	34.46%	32.62%	40.42%	34.82%	33.70%	31.39%	28.17%	25.08%	26.41%	26.48%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed value	\$3,224,629,664
Debt limit (5% of actual value)	161,231,483
Debt applicable to limit:	
General obligation bonds	39,414,128
Other	24,780,872
Total	64,195,000
Less revenue bonds	21,495,000
Total net debt applicable to limit	42,700,000
Legal debt margin	\$ 118,531,483

Note: State of Iowa statutory debt limit is 5% of total actual assessed valuation.

Schedule 13  
City of Ames  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Medical Center Revenue Bond						Electric Revenue Bond					
	Less:			Net			Less:			Net		
	Gross Revenues	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Gross Revenues	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2000	\$ 85,398,067	\$ 70,193,728	\$ 15,204,339	\$ 1,460,000	\$ 2,196,551	4.16	\$ 30,487,669	\$ 20,994,323	\$ 9,493,346	\$ 1,265,000	\$ 720,185	4.78
2001	94,682,949	76,721,197	17,961,752	1,545,000	2,115,521	4.91	33,774,346	23,462,190	10,312,156	1,330,000	659,465	5.18
2002	94,436,413	81,459,920	12,976,493	1,140,000	2,027,455	4.10	33,865,307	23,277,276	10,588,031	1,400,000	594,960	5.31
2003	100,317,729	85,662,680	14,655,049	1,200,000	1,960,195	4.64	33,648,009	26,299,186	7,348,823	1,685,000	566,463	3.26
2004	109,100,843	88,031,896	21,068,947	1,355,000	1,301,741	7.93	35,287,295	27,931,609	7,355,686	1,740,000	187,775	3.82
2005	125,887,097	101,474,465	24,412,632	1,435,000	1,212,363	9.22	37,433,752	30,987,158	6,446,594	1,780,000	144,275	3.35
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92	43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45	47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
2009	146,226,111	140,766,706	5,459,405	1,060,000	1,025,413	2.62						

Fiscal Year	Sewer Revenue Bond					
	Less:			Net		
	Gross Revenues	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2000	\$ 4,215,423	\$ 2,691,273	\$ 1,524,150	\$ 560,000	\$ 75,225	2.40
2001	4,320,015	2,975,603	1,344,412	595,000	50,681	2.08
2002	4,388,706	3,196,435	1,192,271	605,000	25,181	1.89
2003	4,318,822	3,130,524	1,188,298	290,000	6,163	4.01
2004						
2005						
2006						
2007						
2008						
2009						

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest and depreciation expenses.

**Schedule 14**  
**City of Ames**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Calendar Year	Per Capita			School <u>Enrollment</u>	Unemployment <u>Rate</u>
	Personal <u>Income</u>	Population	Personal <u>Income</u>		
1999	15,062	48,961	737,450,582	4,879	2.3%
2000	18,881	50,731	957,852,011	4,965	2.1
2001	18,881	50,688	957,040,128	4,702	2.4
2002	18,881	52,013	982,057,453	4,674	2.8
2003	18,881	52,037	982,510,597	4,624	3.1
2004	18,881	52,554	992,272,074	4,516	3.4
2005	22,657	52,599	1,191,735,543	4,366	2.8
2006	22,657	54,012	1,223,749,884	4,320	2.4
2007	22,657	55,599	1,259,706,543	4,351	2.5
2008	22,657	56,510	1,280,347,070	4,340	2.7

**Sources:** United States Census Bureau provided population and per capita personal income.  
School enrollment provided by the Ames School District. Unemployment provided by the Iowa Workforce Development.

**Schedule 15**  
**City of Ames**  
**Principal Employers**  
**Current Year and Nine Years Ago**

	2009 (1)			2000 (2)		
<u>Employer</u>	<u>Employees (3)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Iowa State University	14,374	1	29.30%	13,000	1	27.93%
Mary Greeley Medical Center	1,409	2	2.87	1,283	2	2.76
Iowa Department of Transportation	1,062	3	2.17	1,200	3	2.58
City of Ames	904	4	1.84	525	5	1.13
Hy-Vee Food Stores	733	5	1.49			
Sauer-Danfoss Company (4)	650	6	1.33	500	7	1.07
Ames Community School District	650	6	1.33	680	4	1.46
McFarland Clinic, P.C.	520	8	1.06	520	6	1.12
Ames Laboratories	466	9	0.95	500	7	1.07
3M Company	430	10	0.88	450	9	0.97
Mainstream Living, Inc.				435	10	0.93
<b>Total</b>	<b>21,198</b>		<b>43.22%</b>	<b>19,093</b>		<b>41.02%</b>

**Sources:** United States Department of Labor provided total labor force numbers.

(1) Ames Economic Development Commission

(2) Ames Chamber of Commerce

(3) Includes full-time, part-time, and seasonal employees

(4) Total includes the elimination of 145 positions in June 2009.

**Schedule 16**  
**City of Ames**  
**Authorized Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government										
Management services	23.25	23.25	22.75	23.00	22.75	22.50	22.25	22.25	22.25	22.50
Finance	41.50	41.50	41.50	41.25	41.25	38.75	38.75	38.75	39.75	40.75
Planning and housing	9.00	9.00	11.00	11.00	9.75	8.75	8.75	10.50	10.50	10.50
Fleet Services	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	9.50
Transit	65.15	66.65	68.25	73.45	74.45	74.45	73.70	73.70	73.70	75.70
Fire/Inspections	60.00	60.00	60.00	63.00	63.00	63.00	63.00	63.00	65.00	68.00
Police/Animal control/Parking	70.40	73.40	73.40	73.40	73.40	73.40	72.40	74.40	74.40	74.65
Library	29.75	29.75	30.25	30.25	30.25	30.25	30.25	30.50	31.00	31.00
Parks and recreation	21.75	22.75	22.75	22.75	22.75	22.00	22.00	22.00	20.50	20.50
Waste water treatment	21.00	22.00	22.00	22.25	22.25	22.25	22.25	22.25	22.50	22.50
Water	19.50	18.50	18.50	18.75	18.75	18.75	18.75	18.75	19.00	19.00
Electric	79.00	79.00	79.00	79.00	79.00	79.00	79.00	79.00	81.00	81.00
Public works										
Administration	4.00	4.00	4.00	4.00	3.75	3.25	3.25	3.00	3.00	3.00
Engineering	12.50	12.50	12.50	12.00	12.00	12.00	12.00	12.00	13.00	13.00
Resource recovery	16.90	16.90	16.90	16.90	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	13.00	13.00
Medical center (1)	<u>956.81</u>	<u>958.28</u>	<u>979.80</u>	<u>946.04</u>	<u>930.97</u>	<u>960.34</u>	<u>987.33</u>	<u>1,019.33</u>	<u>1,055.70</u>	<u>1,088.50</u>
Total	1,482.76	1,489.73	1,514.85	1,489.29	1,470.57	1,494.94	1,519.93	1,555.68	1,597.80	1,638.10

**Sources:** City Finance Department  
 (1) Mary Greeley Medical Center Finance Department

**Note:** A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave) except as noted below. Full-time-equivalent employment is calculated by dividing total labor force by 2,080.  
 Firefighters, Fire Captains and Fire Lieutenants 2,912 hours per year.  
 Police Officers 2,070 hours per year.

Schedule 17  
City of Ames  
Operating Indicators by Function  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Number of licenses/permits processed (1)	903	396	874	843	1,206	1,048	1,008	877	1,003	513
Subdivision requests	36	15	25	32	33		16	14	14	15
Police										
Physical arrests	1,150	1,254	1,380	1,154	1,270	1,201	1,051	1,340	1,468	1,593
Parking violations	64,510	58,306	56,846	48,876	61,858	51,126	53,367	56,566	57,931	51,527
Traffic violations	4,454	3,739	3,985	3,351	2,438	3,000	3,809	3,820	3,012	2,724
Fire										
Number of fires	152	153	177	107	148	142	148	169	165	162
Number of ambulance assists	1,039	1,021	1,029	1,075	1,072	1,197	1,436	1,711	1,877	1,927
Inspections	721	687	811	801	818	1,016	1,007	974	1,018	841
Library										
Total circulation	931,695	976,074	1,090,138	1,232,476	1,222,190	1,256,993	1,311,122	1,361,888	1,346,924	1,386,273
Library visits (2)	418,744	412,676	427,072	451,041	457,441	471,164	450,000	459,000	462,967	424,504
Parks and recreation										
Total number of participant visits (3)	118,708	123,524	119,396	117,113	119,287	118,456	114,297	117,790	145,760	138,840
Total number of activities	158	162	137	135	135	135	137	136	123	123
Resource recovery										
Tons of refuse processed	41,353	45,559	45,684	44,798	48,272	51,840	54,497	50,792	52,482	50,057
Tipping fee/ton	45.00	45.00	45.00	52.75	53.85	52.75	52.75	52.75	52.75	52.75
Other public works										
Blocks of streets crack sealed	81	97	167	176	160	176	142	124	108	51
Blocks of streets slurry sealed	90	82	0	63	68	73	0	0	46	0
Blocks of seal coat reconstruction	14	14	21	6	7	8	9	0	12	14
Hospital										
Total admissions	9,632	9,952	10,007	9,438	9,279	10,178	9,970	10,113	10,002	9,751
Average percent of occupancy	57.3%	57.7%	56.5%	54.0%	53.0%	55.6%	54.3%	56.9%	57.9%	56.9%
Electric										
Kilowatt hours produced at plant	384,542,641	402,043,100	399,354,110	417,653,920	421,936,000	435,050,857	489,100,767	497,522,088	429,927,000	413,485,892
Meters in service	19,803	20,353	20,606	20,901	21,170	22,375	22,906	23,827	23,946	24,237
Transit										
Passengers	3,016,409	3,044,456	3,418,078	4,678,548	4,787,637	4,292,366	4,173,208	4,314,151	4,646,554	5,002,146
Total miles driven	1,022,739	1,055,613	1,115,473	1,229,503	1,245,103	1,178,475	1,189,235	1,234,775	1,287,789	1,317,336
Water										
Billion gallons/year pumped	2,115	2,106	2,089	2,111	2,186	2,137	2,311	2,440	2,330	2,029
Utility locates performed	6,401	4,315	5,797	5,356	5,747	6,081	5,779	5,500	5,502	5,650
Water main breaks (4)	20	33	25	28	68	27	21	51	44	31
Wastewater										
Billion gallons/year treated	1,930	1,982	1,944	1,959	2,136	1,997	1,887	2,475	2,507	2,438

Sources: Various city departments and Mary Greeley Medical Center

Notes: (1) City changes in licenses for plumbing and electrical from a two year to a three year license and the addition of mechanical licenses in 1999 caused variances from year to year.  
(2) Library counter not working all year for FY 2006 and FY 2009.  
(3) Homewood Golf Course participant visits added in FY 2008.  
(4) A two-pressure water system was implemented in FY 2004. Increased pressure caused additional breaks in the west zone.



**Schedule 18**  
**City of Ames**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	8	8	9
Fire										
Fire stations	2	2	2	3	3	3	3	3	3	3
Parks and recreation										
Total number of parks	32	32	33	33	33	33	33	34	34	36
Total number of park acres (1)	759	759	1,196	1,196	1,196	1,196	1,196	1,199	1,199	1,213
Total number of athletic fields	19	19	19	19	19	18	18	18	18	18
Other public works										
Miles of streets (2)	175	177	176	178	240	244	241	244	246	256
Number of traffic signals	56	60	60	60	60	60	59	59	59	63
Number of signs	8,503	8,650	8,502	8,806	8,881	9,325	9,267	9,291	9,274	9,441
Hospital										
Beds in operation	205	205	206	204	198	198	198	199	199	199
Transit										
Buses owned	50	54	56	67	69	69	61	63	66	70
New buses purchased	0	6	3	7	3	0	4	4	0	4
Water										
Miles of water mains	217.0	218.0	218.0	220.0	223.0	230.0	232.5	242.5	248.0	235.7
Fire hydrants	2,160	2,268	2,150	2,200	2,250	2,374	2,406	2,451	2,577	2,586
Wells	23	21	22	22	22	22	22	25	28	28
Wastewater										
Sanitary sewer miles (3)	184.0	188.0	186.0	187.0	189.0	192.0	196.0	194.7	201.0	198.8
Storm sewer miles (3)	106.0	190.0	190.0	192.0	201.0	220.0	240.0	230.9	249.0	257.3

**Sources:** Various city departments and Mary Greeley Medical Center

**Notes:** No capital asset indicators are available for the general government, library, resource recovery, electric functions.

(1) Ada Hayden Heritage Park was added in FY 2002. It includes a lake of 130 acres.

(2) Public works implemented a computer GIS system in FY 2004.

(3) Public works in FY 2007 continued to update the GIS system by removing private utilities.

**INFORMATION PROVIDED TO COMPLY WITH  
OMB CIRCULAR A-133  
AND  
*GOVERNMENT AUDITING STANDARDS***

**CITY OF AMES, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Grantor/ Pass-Through Number</b>	<b>Expenditures Year Ended June 30, 2009</b>
<b>DIRECT:</b>			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Section 8 Housing Choice Vouchers	14.871	IA089-VO-001,002,003, 005,006	<u>\$1,113,119</u>
Community Development Block Grants/ Entitlement Grants	14.218	B-08-MC-19-0010	<u>684,916</u>
DEPARTMENT OF JUSTICE			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DJ-BX-0434	<u>4,753</u>
Bulletproof Vest Partnership Program	16.607		<u>3,313</u>
DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	3-19-0004-16-2006	3,619
Airport Improvement Program	20.106	3-19-0004-17-2009	<u>167,735</u>
			<u>171,354</u>
Federal Transit-Capital Investment Grants	20.500*	IA-04-0111-00	22,712
Federal Transit-Formula Grants	20.507*	IA-90-X329-00	<u>1,328,822</u>
			<u>1,351,534</u>
DEPARTMENT OF HOMELAND SECURITY			
Assistance to Firefighters Grant	97.044	EMW-2008-FO-05818	<u>446</u>
TOTAL DIRECT			<u>3,329,435</u>
<b>INDIRECT:</b>			
DEPARTMENT OF THE INTERIOR			
Iowa Department of Cultural Affairs			
Historic Preservation Fund Grants-In-Aid	15.904	2008-01	<u>17,146</u>
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	HDP-0155(653)--71-85	<u>992,259</u>
Federal Transit-Capital Investment Grants	20.500*	04-0113-015-07	271,735
Federal Transit-Capital Investment Grants	20.500*	04-0113-015-08	294,455
Federal Transit-Formula Grants	20.507*	95-X003-015-09	5,983
Federal Transit-Formula Grants	20.507*	96-0001-015-09	<u>33,346</u>
			<u>605,519</u>
State Planning and Research	20.515	09MPO-AAMPO	<u>34,788</u>

(continued)

**CITY OF AMES, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Grantor/ Pass-Through Number</b>	<b>Expenditures Year Ended June 30, 2009</b>
INDIRECT: (continued)			
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation			
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513**	16-X001-015-07	54,734
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513**	16-X001-015-09	94,987
Job Access-Reverse Commute	20.516**	37-X012-015-07	815
Job Access-Reverse Commute	20.516**	37-X017-015-09	27,153
New Freedom Program	20.521**	57-X001-015-06	94,143
New Freedom Program	20.521**	57-X001-015-08	94,143
			<u>365,975</u>
Iowa Department of Public Safety			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 08-410, Task 02	11,340
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 09-410, Task 01	20,312
			<u>31,652</u>
NATIONAL ENDOWMENT FOR THE ARTS			
Iowa Arts Council			
Promotion of the Arts-Grants to Organizations and Individuals	45.024	2009-6779	<u>1,200</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Public Health			
Public Health Emergency Preparedness	93.069	5888BT01	32,591
Public Health Emergency Preparedness	93.069	5889BT01	15,552
			<u>48,143</u>
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	5889L11	<u>1,500</u>
Immunization Grants	93.268	5889I471	<u>10,375</u>
Story County Empowerment Area Child Care and Development Block Grant	93.575	EB-09-002	<u>40,151</u>
DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Public Defense			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763-DR-IA	<u>186,523</u>
TOTAL INDIRECT			<u>2,335,231</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>5,664,666</u>

\*Clustered programs under OMB Circular A-133

\*\*Clustered programs under OMB Circular A-133

See notes to Schedule of Expenditures of Federal Awards.

(concluded)

## **CITY OF AMES, IOWA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009**

#### **1. BASIS OF ACCOUNTING**

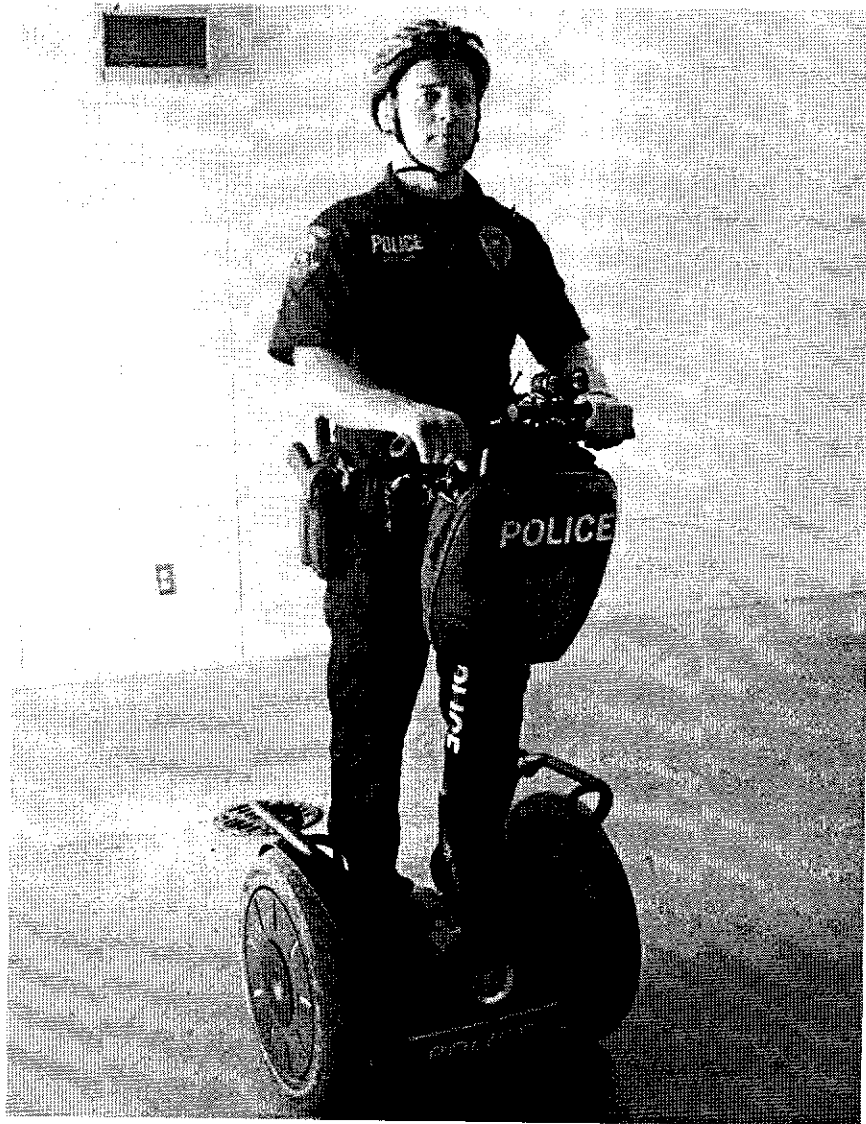
The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting (revenues are recorded in the year earned by the City of Ames, Iowa (City) and expenditures are recorded in the year incurred).

#### **2. GENERAL**

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal award programs of the City. The City's reporting entity is defined in Note 1 to the City's financial statements. All expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other government agencies, are included on the schedule.

## POLICE SEGWAYS

The Ames Police Department is doing its part to reduce patrol car usage by accessing other resources when possible. In addition to seeing officers on bicycle patrol, Ames residents may be greeted by a police officer on a Segway. A Segway is a self-balancing, zero emissions, battery powered, personal transportation vehicle. They maneuver in small spaces and operate on pedestrian sidewalks and pathways. The Police Department has two Segways to use during large outdoor events such as road races and football games, enabling officers to move easily through crowds.



Officer Heath Ropp demonstrates how the operator is standing more than a foot off the ground, making it easier in large crowds to see greater distances and be seen by others who may need assistance.



CPA's & BUSINESS ADVISORS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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To the Honorable Mayor and  
Members of the City Council  
City of Ames, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The financial statements of the Mary Greeley Medical Center Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the City's responses, we did not audit the City's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Ames, Iowa, and other parties to whom the City of Ames, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ames, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
November 24, 2009





CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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To the Honorable Mayor and  
Members of the City Council  
City of Ames, Iowa

Compliance

We have audited the compliance of the City of Ames, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Ames, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Ames, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Ames, Iowa, and other parties to whom the City of Ames, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
November 24, 2009

**CITY OF AMES, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

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**Part I: Summary of the Independent Auditor's Results:**

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency	None reported
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Cluster: 20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
Cluster: 20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities
20.516	Job Access/Reverse Commute
20.521	New Freedom Program

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	Yes

**Part II: Other Findings Related to Required Statutory Reporting:**

- II-A-09 Certified Budget – Disbursements during the year ended June 30, 2009, did not exceed the amount budgeted.
- II-B-09 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF AMES, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

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**Part II: Other Findings Related to Required Statutory Reporting: (continued)**

II-D-09 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary services	\$ 75
Tonya Hargrave-Klein, Parks and Recreation employee, is part owner of TAVI Health Inc.	Nutrition/Fitness	359
Jan Huess, library employee, husband is owner of Huess Printing	Printing Services	1,971
Joanne Van Dyke, Cyride Employee, husband is owner of ICS Advanced Technologies	Technology Contract	15,000

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Mike Wheelock and Tonya Hargrave-Klein do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transactions with Jan Huess and Joanne Van Dyke do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

II-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, we noted that when the list of claims is published it does not include the reason for each claim as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should determine a procedure which would allow for the publication of claims, including the reason for each claim in accordance with Chapter 372.13(6) of the Code of Iowa.

Response – The City's accounting and information technology divisions worked together during the year to create a report in the current accounting system to provide the information required by the State. To date we have been unable to create such a report that would not require unreasonable staff time to compile and excessive cost to publish. We will continue to work on a solution that will be efficient and cost effective to meet this reporting requirement.

Conclusion – Response accepted.

**CITY OF AMES, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

---

**Part II: Other Findings Related to Required Statutory Reporting: (continued)**

- II-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- II-H-09 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- II-I-09 Notice of Public Hearing – We noted a public improvement project during the year for which the notice to bidders was properly published, but the notice of public hearing was not published during the required time frame as required by the Code of Iowa. The City should implement procedures to insure that all notices are properly published.

Recommendation: Before entering into any contract for public improvements where the cost is \$65,000 or more, the Council should set a date for a public hearing and give notice at least four but not more than twenty days prior to the hearing as provided in Chapter 362.3 of the Code of Iowa.

Response: The Code of Iowa had changed at the beginning of the year, and the wrong checklist was inadvertently used when following publication deadlines. Procedures are now in place to ensure that all notices are properly published.

Conclusion: Response accepted.

## ADA HAYDEN HERITAGE PARK NATURE SCULPTURE



"Restless By Nature"

Environmental artist, Patrick Dougherty, sculpts art out of nature. At the northwest corner of Ada Hayden Heritage Lake, he wove saplings, sticks, and twigs into the existing willows. Dougherty, from North Carolina, has created more than 150 sculptures in the U. S., Europe, and Asia.

The sculpture, named "Restless By Nature", forms a meandering series of shelters with windows and views out all angles.